هكذا مضت الأجل

FINANCIAL TIMES

No. 27,560 Tuesday May 16 1978 ** 15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Russian embassy plans blocked

Kensington residents have won their fight against plans for a fortress-like extension to the Russian Embassy in London.

The Foreign Office said yesterday that local opposition to the proposed extension had made it impossible for the Russians to go ahead with their plans to create an enclave of Soviet diplomats and their families, surrounded by a 45-foot perimeter wall. Back Page

Coach deaths

Five police officers were killed when their coach in which they were travelling overturned at a roundabout near Wakefield. At Maghera, Co. Londonderry, three men were killed when two minivans collided head-on. Schoolchildren at the Essex village of Ramsey were told of the weekend coach accident which killed six of their classmates and a teacher.

Plea to NATO

Mr. Bulent Ecevit, Turkey's Prime Minister, called on West European members of NATO to fill the gap created by the U.S. arms embargo on his country. Back Page

Indira denounced

The Shah Commission investigating alleged abuse of power during Mrs. Indira Gandhi's emergency rule has denounced her for imposing the emergency in 1975 "to ensure her continuance in power." Page 4

Menzies dies

Sir Robert Menzies, former Australian Prime Minister, died in Melbourne. He was 83. Page 3

Hoss returns

UN troops are besieging about 60 Palestinian commandos in the Tyre region. Iran has threatened to withdraw its troops for the UN force if they become involved in the fighting. President Sarkis of the Lebanon has decided to restore Prime Minister Salim al-Hoss's government, which resigned last month. Page 4

Orlov trial

Dissident Russian scientist Yuri Orlov declined to enter a plea when he went on trial in Moscow on charges of anti-Soviet agitation. Page 2

Briefly . . .

Processed food labels should tell customers how much added water they are paying for, says the Ministry of Agriculture's food standards committee.

Mean temperatures for the next month are expected to be higher than average in all districts, with rainfall below average. Back Page

Mr. Emlyn Jones has been confirmed as director of the Sports Council.

West German police raiding a neo-Nazi meeting found a document describing the murder of Aldo Moro as "a liberating act."

Bianca Jagger has begun divorce proceedings against Rolling Stone Mick Jagger.

Cyprus police are investigating allegations that Israeli secret agents are operating on the island.

The Most Rev. Peter Buthelezi becomes South Africa's first black archbishop.

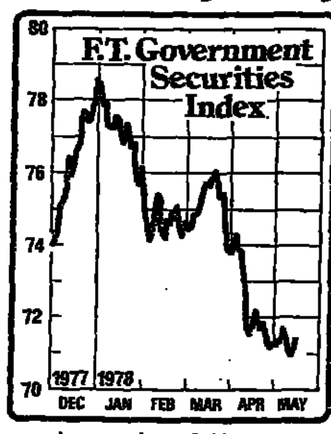
Hammer de Roburt has become president of the Pacific island of Nauru, which has been in a state of political upheaval for two years because of debates on the island's future when phosphate deposits run out.

Italian Christian Democrats gained substantially in local elections. Page 2

BUSINESS

Gilts improve; Equities drift

● GILTS were boosted by hopes that new interest rate levels would be maintained, coupled with anticipation of good April balance of trade figures. Longs



saw sharp gains of 1¼ on speculation that the Government broker had refused bids at a discount for the long tap, but eased later. The Government Securities index closed 0.45 up at 71.47.

● EQUITIES drifted in the absence of demand and interest centres on secondary issues. The FT ordinary index closed 3.3 down at 485.0.

● STERLING rose 7 points to $1.8207, and its trade-weighted index improved to 61.8 (61.6). The dollar made widespread gains and its depreciation narrowed to 5.08 per cent (5.12).

● GOLD rose $¾ to $175¾ in quiet trading in London, and the New York Comex May settlement price was $2.38 up at $176.10.

● WALL STREET closed 6.06 up at 846.76.

● FOREIGN lending by U.S. banks is to be more closely supervised by the Federal bank authorities under a new system to be introduced shortly. Page 4

● CHINA'S world trade reached $14.3bn last year, an increase of 7.8 per cent, making a $1.4bn surplus. Page 6

● MR. EDMUND DELL, Secretary for Trade, at a Financial Times conference, has warned that Britain faces recurring balance of payments deficit, in spite of benefits of North Sea oil. Back Page. At the same conference it was urged that BNOC should be re-organised and its advisory and regulatory functions transferred to the Department of Energy. Page 9.

Retail sales advance

● RETAIL SALES figures continued a firm upward trend last month, with the volume of sales in the three months to the end of April running about 1.3 per cent higher than the previous three months. Back Page

● PRICE INCREASES sought by UK suppliers in April fell to their lowest level this year, according to Institute of Purchasing and Supply figures. Page 10

● CIVIL SERVICE Unions are expected to reach a pay settlement this week giving an across-the-board increase of 9½ per cent and consolidation of the 1976 and 1977 pay supplements. Page 12

● LOCAL AUTHORITY and health manual workers are to press for a £60-a-week minimum wage and a five-hour cut in the working week. Page 11

COMPANIES

● SUTTONS SEEDS has been acquired by W. Weibull, one of Sweden's leading seedsmen. Page 33

● DUNBEE - COMBEX - MARX pre-tax profit for 1977 rose 9 per cent, to a record £6.43m (£5.91m) on turnover up from £86.49m to £92.78m. Page 30 and Lex

Record current account surplus of £336m in April

BY DAVID FREUD

Britain's current account moved into record surplus in April after the large deficit in March. The swing in the two months was no less than £506m from a deficit of £170m to a surplus of £336m.

Trade in "erratic" items such as diamonds, ships, aircraft and oil, accounted for some of the disparity, but it seems likely that one major cause of the March deficit was stockbuilding by manufacturers.

Once the erratic items are removed nearly all the improvement in the April trade figures can be accounted for by a reduction in imports—mainly of fuels, industrial materials and semi-manufactures.

The trade figures have run in such an unpredictable pattern of alternate feast and famine for the first four months of the year that it is difficult to identify a strong underlying trend.

In the three months to April the current account was in surplus by £348m, compared with a deficit of £36m in the previous three months. But no real significance can be attached to this because the exceptional £232m January deficit happened to fall in the earlier period.

There was little reaction to the trade figures in the foreign exchange markets, mainly because it was Whit Monday and virtually all of Continental Europe was on holiday. Sterling's trade-weighted index ended 0.2 points up at 61.8 in thin trading. The pound rose 7 points against the dollar to $1.8207.

About two-fifths—a total of £205m—of the April swing can be attributed to erratic items. About £120m of this was due to the timing of diamond exports.

The trade balance in oil improved by £93m. Some of this was due to timing, but officials believe it partly reflected a higher level of self-sufficiency as North Sea oil comes ashore.

The volume of exports was up 4 per cent., seasonally adjusted, on the March figure. But when erratic items are removed the improvement is only 0.75 per cent. There was a much bigger change in the level of imports. These fell nearly 12 per cent in volume in April, on both an adjusted and an unadjusted basis.

The improvement was marked in those commodities in which imports had risen most strongly in March. The April fall in each case more than cancelled the previous month's gain.

The volume of fuel imports increased 6.25 per cent in March. It fell 27 per cent in April. Industrial materials were up 7.5 per cent in March and fell 13.75 per cent last month. Semi-manufacturers gained 7.75 per cent in March and fell 12.25 per cent in April.

These figures underline the probability that manufacturers

Continued on Back Page

BALANCE OF PAYMENTS

£m., seasonally adjusted

		Visible trade	Invisibles	Current Account
1977	1st	−947	+442	−505
	2nd	−764	+400	− 34
	3rd	+ 54	+429	+483
	4th	+ 45	+306	+351
1978	1st	−518	+300	−218
1997	Nov.	+ 68	+102	+170
	Dec.	− 76	+102	+ 26
1978	Jan.	−332	+100	−232
	Feb.	+ 82	+100	+182
	Mar.	−270	+100	−170
	Apr.	+236	+100	+336

Source: Department of Trade

● Tables Page 8 ● Editorial comment Page 20 ● Retail trade figures and Lex Back Page

'Incredible' that SUIT's £4m. loan was overlooked

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A COURT was told yesterday that it was "incredible" that an unsecured loan of £4.2m could have been overlooked by six directors of Scottish and Universal Investments and described in the accounts as "cash in hand or at bank."

On the first day of the trial in Glasgow, Sir Hugh Fraser, formerly chairman of SUITs and now deputy chairman, denied a charge under the Companies Act that he failed to give a true and fair view of the affairs of the company by misclassifying the loan in the 1975 report and accounts.

Mr. James Gossmann, Mr. Nicholas Redmayne, Mr. William Forgie, Mr. Edward Gamble and Mr. Angus Grossart, all SUITs directors at the time of the 1975 annual meeting, also deny the charge. Of these five, only Mr. Gossman is still a director of the company.

Sir Hugh is also accused of failing to notify the company of his dealings in its shares. Through his counsel he admitted some of the charges, in respect of 62 transactions made before April 22, 1976. He denied failing to notify another 18 sales and purchases.

Mr. Redmayne, Mr. Forgie and Mr. Grossart denied similar charges of share dealing without informing SUITs.

SUITs, which controls about 20 companies, has extensive interests in publishing, whisky distilling and engineering. The Monopolies Commission is investigating a bid for the company by Lonrho.

Audited

Yesterday's evidence concerned the loan, which was made to Amalgamated Caledonian, a firm in which SUITS had an indirect interest through its holding in International Caledonian.

AmCal, now in liquidation, needed the money for a re-development of the Army and Navy Stores site in Victoria Street, London. It was intended that House of Fraser, of which Sir Hugh is chairman, would open a shop in the new building.

Mr. John Skeen, prosecuting, alleged that the loan was misrepresented in notes to the accounts as cash in hand or held at the bank. It was not referred to in the directors' report, but there was a reference in Sir Hugh's statement as chairman to "short- and medium-term loans." This was so general, Mr Skeen said, that it was practically meaningless.

Mr. Skeen, questioning Mr. John MacPherson, senior partner in the Scottish office of the accountancy firm Touche Ross, which audited the accounts of SITS, said he found it incredible that six accountants, including two of the directors, and others with considerable business experience like Sir Hugh, could have missed the misclassification.

"My concern is that there is no reference to this loan at all. Shareholders could not possibly have known it, the financial world would not have known about it, neither would the public."

Mr. MacPherson said he had

Continued on Back Page

Bank union insurance challenge

BY NICK GARNETT, LABOUR STAFF

THE National Union of Bank Employees gave notice yesterday of a major recruitment drive into insurance following the acceptance of merger terms by the Guardian Royal Exchange Staff Union in a ballot of its 5,800 members.

Staff associations in a number of major insurance companies are now being approached by NUBE in a recruitment battle with Mr. Clive Jenkins' Association of Scientific, Technical and Managerial Staffs, which views insurance as its own recruitment area.

The bank union's plans to use its new insurance sections as a springboard into other insurance companies will annoy the TUC leadership, which is trying to prevent the kind of battles which have occurred in the blue-collar sector from developing among white-collar staff.

Mr. Len Murray, the TUC general secretary, told NUBE's annual conference only last month that it would be better for the trades union movement if NUBE kept out of insurance all together.

In the Guardian Royal Exchange Staff Union ballot, 2,643 voted for the merger and 1,560 against in a poll of about 75 per cent. Mr. Leif Mills, NUBE's general secretary said yesterday that a 1971 ballot of staff union members gave a two to one vote against joining ASTMS.

The staff union will retain almost full policy - making autonomy and Mr. John Forde, its president, will become a NUBE assistant secretary.

Insurance companies with staff associations that NUBE has been or will be trying to tempt into merger talks include Sun Alliance, Phoenix, Eagle Star and Britannia.

ASTMS, which is trying to make further inroads into banking, also in defiance of what the TUC believes to be in the best interests of the unions, has negotiating arrangements in a number of large insurance companies. These include Prudential, Pearl and Norwich Union.

An Advisory, Conciliation and Arbitration Service report has also recommended that ASTMS should be recognised at Legal and General.

NUBE, whose involvement in insurance has until now been restricted to a small number of members in Sun Life of Canada and the Ecclesiastical Insurance Office, is also expected to make new approaches to the managers' staff associations in Legal and General and the Royal.

Most pay deals within guidelines

By John Elliott, Industrial Editor

MORE THAN 10m workers have accepted phase three pay deals. Most add 10 per cent or less to employment costs and are therefore within the Government's pay guidelines.

These figures, produced by the Confederation of British Industry's pay data bank, show that phase three settlements are spreading rapidly across industry after a fairly slow start to the annual negotiating round last winter.

The 10m workers covered represent a substantial proportion of the country's unionised workers, who total some 14m, and nearly half the total workforce of 23m.

The CBI believes that the remaining 11 weeks of the pay round are likely to produce broadly similar results, even though many of the 1,700 claims lodged for 14m workers are as high as 30 per cent. There is "no significant correlation" between the size of claims and the levels of settlements, the Confederation says.

The figures for the settlements also back up assumptions being made by both the Government and by industrialists that the general increase in earnings for 1977-78 will be around 14 per cent. The Department of Employment's monthly earnings figures, to be published tomorrow, will probably confirm this trend.

The difference between the 10 per cent. general level of settlements and the expected 14 per cent earnings total arises from two main factors.

First, while 86 per cent of the 1,243 deals, recorded for 10.25m workers so far are for 10 per cent or less, the remaining 14 per cent fall in the 11 to 15 per cent range.

Secondly the Confederation's data bank has been told of 445 self-financing productivity deals covering 974,000 workers which generally add between 5 and 10 per cent to pay packets.

The Confederation also reports that the 12-month rule for the gap between pay settlements has held in all but a dozen small cases, and it concludes that "the pressure on this rule now seems to be insignificant."

This is a considerably more optimistic stance than that being adopted by leading employers a few months ago.

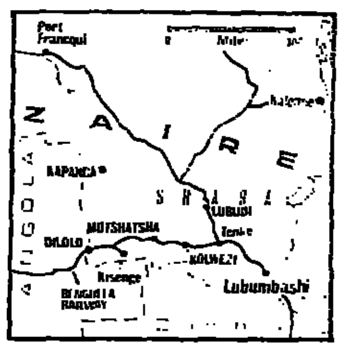
Labour News, Page 11

£ in New York

—	May 15	Previous
Spot	$1.8200-8210	$1.8190-8205
1 month	0.37-0.30 dis	0.45-0.36 dis
3 months	1.24-1.14 dis	1.50-1.40 dis
12 months	5.35-5.05 dis	6.05-5.85 dis

Zaire troops fight for copper towns

BY A SPECIAL CORRESPONDENT LUSAKA, May 15.



ZAIREAN armed forces were today struggling for control of two of the most important towns in the copper-producing province of Shaba—Mutshatsha and Kolwezi—following last week's invasion by Angolan-based rebels.

Judging by first reports, the incursion seemed to be a far more serious military expedition than the invasion a year ago by the same National Liberation Front of the Congo led by Col. Nathaniel M'Bumba.

Military reports reaching here said between 3,000 to 4,000 rebels infiltrated into Zaire across Zambian territory apparently after stockpiling arms and ammunition in Shaba province.

Shaba is the centre of the copper-producing industry that yields about 65 per cent of Zaire's badly needed foreign exchange.

The official Zaire news agency AZAP said the men who entered the country were dressed in civilian clothes, and had the backing of the Soviet Union, Cuba, Algeria and Libya.

But the liberation front claimed responsibility for the attack in a statement released in Brussels. It said its forces had inflicted heavy losses on the Government forces.

Compared to last year's fighting the rebels appear to have made rapid gains. Reports said at least five Zairean aircraft were destroyed on the ground at Kolwezi Airport

French-supplied Mirage aircraft were called in at the weekend to strafe rebel positions at the single-strip airport.

There are 100 or so Britons in Shaba, the same number of Americans, 400 Frenchmen and 1,750 Belgians. Diplomats said the rebels had taken prisoners among the European expatriates, but there were no details. Europeans in Kolwezi had been rounded up, apparently for their own safety.

David Buchan adds from Brussels: The uprising may call into question the international aid plan which Belgium was trying to co-ordinate at President Mobutu's request.

A meeting in Brussels to be chaired jointly by the Foreign Ministers of Zaire and Belgium had been planned for June 13 and 14. The countries chiefly involved — the U.S., France, West Germany, the UK, Saudi Arabia, Iran and Belgium—were due to discuss what technical and economic aid they might give.

A pre-condition for providing Zaire with aid is that President Mobutu agrees to International Monetary Fund conditions for a further standby credit.

A deal has not yet been reached but Zaire has agreed to let an IMF official take the deputy post in the National Bank.

Citibank, which is co-ordinating an international bank loan of over $200m. for Zaire, said yesterday that it was "much too early to determine whether events in Zaire would further delay the conclusion of the loan."

France in Africa, Page 4
Copper price, Page 43

MPs approve Windscale

BY IVOR OWEN, PARLIAMENTARY STAFF

CONSTRUCTION OF the £600m nuclear waste reprocessing plant at Windscale was given the go-ahead in the House of Commons last night by a majority of 144.

The Special Development Order granting the necessary planning permisison was approved by 224 votes to 80.

The move was backed by Government and Opposition leaders, but opposed by the Liberals.

In a new attempt to allay fears about the dangers involved in disposing of spent nuclear material, Mr. Peter Shore, Environment Secretary, announced the appointment of a Radio Active Waste Management Advisory Committee.

It will be presided over by Sir Denys Wilkinson, a fellow of the Royal Society, vice-Chancellor of Sussex University and a former chairman of the Science Research Council's nuclear physics Board.

Mr. Shore told MPs that the committee's terms of reference would be to advise the Environment Secretary and the Scottish and Welsh Secretaries on important issues relating to the development and implementation of an overall policy for the management of civil radioactive wastes.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 9¾pc 1981	£98[illegible]	+ [illegible]
Exchequer 12pc 1998 (£65 pd.)	£64¼	+ 1½
ANZ	279	+ 9
Assoc. Engineering	125	+ 4
Avon Rubber	212	+ 6
Beristord (S. & W.)	129	+ 6
Berkeley Hambro	103	+ 8
British Vita	86	+ 5
Brockhouse	66	+ 3½
Brown Boveri Kent	54xd	+ 3½
Davy Intl.	250	+ 6
Dunbee-Combex-Marx	136	+ 5
Fitzroy Inv.	13	+ 3
French Kier	83	+ 3½
ICI	398	+ 8
Kitchen (R.) Taylor	75	+ 12
Ladies Pride	49	+ 4
Lex Service	85	+ 5
LOFS	351	+ 24
Newman Inds.	93	+ 5
1928 Investment	212xd	+ 6
Pearson (S.)	210	+ 8
Phoenix Timber	168	+ 8
Pilkington	495	+ 10
Prudential Assurance	160	+ 4
Rank Org.	256	+ 6
Spirax-Sarco	278	+ 7
Stock Conversion	242	+ 10
Tozer Kemsley	55	+ 4
Williams & James	78	+ 5
Weeks Nat. Res.	185	+ 35
Highlands	105	+ 8
Anglo-Vaal	740	+ 15
Doornfontein	286	+ 12
Hampton Areas	126	+ 6
Pahang Cons.	67	+ 7
Pancontinental	£12	+ ½
Paringa Mining & Expln.	30	+ 8½
Peko-Wallsend	450	+ 18

FALLS

Primrose Ind. Hldgs.	67	− 10

CONTENTS OF TO-DAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

ITALIAN LOCAL ELECTIONS

Christian Democrat advance likely

BY PAUL BETTS

ROME, May 15.

COMPUTER FORECASTS of the outcome of wide-ranging local administrative elections in Italy tonight indicated a sharp advance for the ruling Christian Democrats (DC) and a setback for the Communists (PCI) compared with the 1976 general election returns. Both main parties have advanced against the most recent local elections. The larger gain has been secured by the Christian Democrats.

Today's elections involve about a tenth of the electorate evenly divided on a geographical basis.

The computer projections forecast the strengths of the two main parties at 42.4 per cent of the popular vote for the Christian Democrats compared with 38.9 per cent in the general election and 35.6 per cent in the previous local elections; and 27.3 per cent for the PCI compared with 35.6 per cent in 1976 and 25.3 per cent in the previous local elections.

One noticeable feature of these preliminary forecasts are indications that the Socialists (PSI) appear to have recovered ground lost in the general election. The forecasts show the Socialists gaining 13.5 per cent of the vote compared with 9.2 per cent in 1976 and 13.3 in the previous round of local elections.

Overall, the preliminary results — if confirmed in the final outcome — seem to confirm the rationalisation evident in the last general election, with the three larger parties, the DC, the PCI and the PSI, securing more than 80 per cent of the popular vote in a high poll of 75 per cent of the electorate. This is 2 per cent higher than during the last series of local elections.

Only one of the smaller parties, the influential Republicans (PRI) appear to have made an advance in the preliminary computer showings, with 3.1 per cent compared with 2.6 per cent in 1976 and 2.8 per cent in the past local polls.

A number of independent political observers had detected in recent months a small but significant shift to the Centre-Right in Italian politics. In part, this is in response to the new governing alliance which sees the Communists uniquely supporting a minority Christian Democrat Government, and also to the increase of politically motivated terrorism. All the main parties had anticipated some advance of the Christian Democrats in the wake of the kidnapping and murder of Sig. Aldo Moro, the former Prime Minister.

Meanwhile, the ultra-Left Red Brigades' group appears intent on pursuing its terrorist campaign. Three terrorists, claiming to belong to the movement, gunned down and seriously wounded an industrialist, Sig. Antonio Mazzotti, on his way to work in Bologna today.

The Prime Minister, Sig. Giulio Adreotti, is to seek a vote of confidence in Parliament tomorrow demanding immediate ratification of tougher anti-terrorist measures. These measures have so far been held up by a concerted campaign by the small Left-wing Radical Party to force amendments in the interest of human rights, and by the neo-Fascist MSI Party to secure even stronger provisions.

Norway assured on U.S. oil search

By Fay Gjester

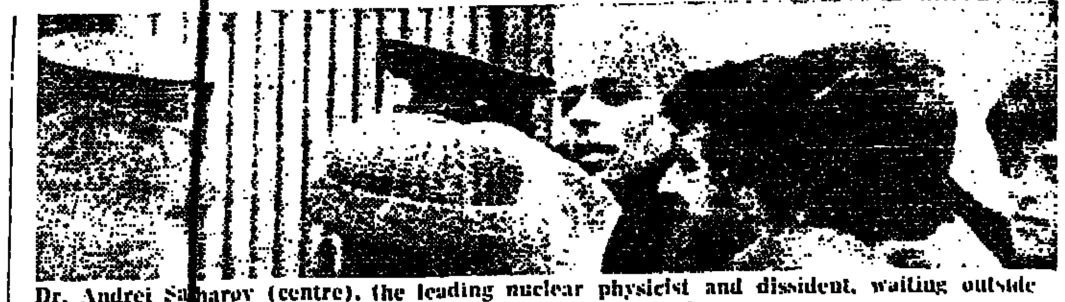
OSLO, May 15.

THE PROSPECTS for Norwegian participation in the forthcoming search for oil and gas off the U.S. East Coast was one of the subjects reviewed when two Norwegian Deputy Ministers met Mr. John O'Leary, U.S. Deputy Secretary for Energy, in Washington last week.

Mr. Trygve Tamburstuen, Norwegian Deputy Energy Minister, and Mr. Reidar Engell Olsen, Deputy Minister for Industry, who were attending the Offshore Technology Conference at Houston, in Texas, said the U.S. had confirmed that foreign companies would be allowed to take part in the search. The chances, however, would depend on their ability to compete.

On the proposed export of Iranian gas to the U.S and Norway's hopes to build the giant floating terminal which will process the gas for export, Mr. Tamburstuen would not comment. He pointed out that U.S. officials do not know when a decision on the deal is likely, since it depends to some extent on Congress's approval of President Carter's energy package.

Meanwhile, a Norwegian company has announced plans to build a NKr 1bn plant in Emden, West Germany, which will produce annually, 880,000 tonnes of sponge iron. It will be fuelled by gas from the Ekofisk Field in Norway's sector of the North Sea. The state-controlled A/S Sydvaranger company will build the plant in partnership with Korf-Stahl of West Germany. Construction work will start later this summer, with completion scheduled for early 1981. Norwegian sources say the project is the first concrete result of Norwegian-German discussions, started nearly two years ago, about co-operation in the energy and industry fields.



Dr. Andrei Sakharov (centre), the leading nuclear physicist and dissident, waiting outside the Moscow courtroom yesterday.

Orlov refuses to plead

BY DAVID SATTER

MOSCOW, May 15.

DR YURI ORLOV, the dissident leader, today refused to enter a plea during the first day of his closed trial in a Moscow city court on charges of anti-Soviet agitation, which carries a maximum penalty of seven years' imprisonment and five years' exile.

Dr. Orlov told the court that he did not understand the accusation against him, and when he was refused permission to elaborate, said he would not participate in a court which did not allow him the right to explain himself as he saw fit.

Details of what took place in the courtroom were related to correspondents by Dr. Orlov's wife, Irina, who with his two children, Dimitri and Alexander, was allowed inside the courtroom, from which journalists and friends of Dr. Orlov's were excluded.

Dr. Orlov, the leader of the dissident group which sought to monitor Soviet observance of the Helsinki accords was accused in the formal indictment of having been paid by the West for slanderous informatio

A representative from the U.S. embassy attempted to attend the trial but was barred from entering. No other Helsinki agreement signatory attempted to send an observer to the trial.

Mrs. Orlova said that her husband, who she had not seen for 15 months, since his arrest in February 1977, looked thinner in the courtroom but otherwise seemed in good spirits. She said that he requested that ten witnesses including veteran Jewish "refusnik" Vladimir Slepak be called in his defence, but that his request was refused.

Mrs. Orlov said that there were approximately 15 prosecution witnesses prepared to testify against Dr. Orlov, the first of the prominent Moscow "Helsinki" group dissidents to go on trial.

These apparently include former colleagues of Dr. Orlov's who were prepared to say that a document on the situation of Soviet scientists with which he was connected was slanderous.

It was also alleged that Helsinki group documents slandered Soviet psychiatry and suggested that socialism in the Soviet Union was of a "totalitarian type." The Helsinki group itself, however, was never mentioned by name.

Dr. Orlov's long-awaited trial is the Soviet Union's definitive answer to those who thought the 1975 Helsinki agreements, with their human rights pledges, would be the basis of significant Soviet internal liberalisation.

The agreements gave a new lease of life to Soviet dissident activities, but appear in retrospect to have only increased the authorities' determination to suppress all forms of organised dissent.

The trial of Dr. Orlov and the expected trials of two other Helsinki group members, Alexander Ginzburg and Anatoly Shcharansky, are the culmination of a wave of arrests, trials and forced emigrations which appear to be aimed at reducing Soviet dissidence to a handful of scattered individuals expressing their opinions in private.

The trial of Dr. Orlov is expected to end on Wednesday but it is assumed that his fate has already been decided, and at the highest political levels, possibly by the Soviet Politburo.

The importance of the case lies in the fact that Dr. Orlov and the other "Helsinki" group members sought to force the authorities to honour their human rights commitments or demonstrate by arresting them how little these commitments were worth.

The Helsinki groups addressed themselves to specific Soviet pledges in matters of reunification of families, religious freedom, and national discrimination and provided reliable, factual information from sources throughout the Soviet Union on how these pledges were being violated. This information was made available to Western correspondents and the embassies of countries which signed the Helsinki Final Act.

The result was a dilemma for the Soviet authorities because the Soviet Union is seeking to become a respected member of the world community while preserving its Stalinist structure intact.

Accomplishing this involves stifling any attempt to point out the disparity between formal Soviet pledges and actual Soviet practices which is accomplished in the case of foreign criticism by demanding an end to interference in international Soviet affairs and in the case of dissidents through intimidation, forced emigration or arrest.

London mock trial opens

BY OUR FOREIGN STAFF

EVIDENCE on the Soviet authorities treatment of dissent collected from 23 dissidents now in exile in the West was presented today at a mock trial held in London to enable the case for Dr. Orlov's defence to be presented.

Meanwhile, the Foreign Office issued a statement describing the fact that the trial was taking place as "very disturbing." Dr. David Owen, the Foreign Secretary, it said, had repeatedly urged the USSR not to take action which would call in question its commitment to the Helsinki final act.

The mock trial has been arranged by Mr. John MacDonald, QC, chairman of the Association of Liberal Lawyers, who 13 months ago was engaged by Dr. Orlov's wife Irina to defend her husband, but has twice been refused a visa.

Soviet civil rights campaigners Lyuchmella Alexeyeva, Valentine Turchin, Lydia Voronina and Andrei Amalrik flew into London from the U.S. for the mock trial.

At today's session, held in the Institute of Physics in Belgrave Square, evidence was given about the forcible treatment of patients with drugs they did not need, torture through lack of sleep, religious persecution, and State interference with telephones and letters.

Mr. Amalrik, the Soviet historian, jailed for three years in Siberian strict regime camps for his defence of human rights, spoke of his nights in a punishment cell the size of the table at which he was standing.

The wife of Dr. Leonid Plyusch, the mathematician who was held for three years at a mental hospital, described how she saw him deteriorate into "almost a stuffed dummy."

Turkish industry warning

By Metin Munir

ANKARA, May 15.

THE POWERFUL Turkish Industrialists and Businessmen's Association (Tusiad) today issued a declaration expressing concern at the disunity among Turkey's political parties over political violence which, it said, had reached "dangerous dimensions."

It also declared Prime Minister Bulent Ecevit's new tax package to be harmful to the economy, claiming that it would decrease investments, employment and production.

Also voicing what financial circles consider to be a valid grievance, Tusiad asked the Government to consult it on the fourth five-year development plan as private business accounts for more than 60 per cent, of employment and production in industry.

Malta strike hits schools

By Godfrey Grima

VALLETTA, May 15.

MORE THAN 800 teachers and the majority of schoolchildren were reported to have stayed away from government primary, secondary, technical and special schools today on the first of a two-day teachers' strike ordered by the Malta Union of Teachers.

Portugal democratic front plan

BY JIMMY BURNS

LISBON, May 15.

SR. ALVARO CUNHAL, the general secretary of the Portuguese Communist Party, today proposed the formation of a broad democratic front, involving representatives of all social sectors, to help Portugal solve her economic problems, and help defend the country's democratic system from what he called the growing conspiracy of fascism to the extreme right of the Government.

"The Portuguese Communist Party remains united firm, open to dialogue and confident," Sr. Cunhal said.

Speaking at a news conference to present the new party programme, Sr. Cunhal said that the boundaries of political parties in Portugal no longer fell within strict class lines. It was now possible to form a common democratic consensus.

Sr. Cunhal's statement, which followed a meeting of the party's central committee, confirmed a growing feeling here that beneath the official orthodoxy of the Portuguese Communist Party, its leadership is adopting an increasingly pragmatic approach to the political situation. Although Sr. Cunhal was critical of the agreement recently reached by the Portuguese Government with the International Monetary Fund (IMF) he did not announce any outright confrontation on the industrial front, where the trade union movement is largely dominated by his party.

Noting that there was a growing attempt by extremist groups to create the necessary conditions for an extreme right-wing military coup and the "destruction of the democratic system consolidated following April 25," Sr. Cunhal urged the present governmental alliance of Socialists and Christian Democrats to adopt urgent measures against terrorism.

Sr. Cunhal ended by proposing a number of measures which he termed were necessary to consolidate the country's democratic system.

Opposition party deeply divided

BY OUR OWN CORRESPONDENT

LISBON, May 15.

THE DEEPLY divided state of Portugal's main opposition, the Social Democratic Party, was demonstrated at the weekend when a meeting of its national committee failed to resolve the leadership crisis or to define a clear political strategy.

The meeting was abandoned by Dr. Francisco Sa Carneiro, the party's founder, who had been expected to return as leader of a purged and more conservative organisation, after the resignation of the party's political committee of 12 last month.

Dr. Sa Carneiro said that he would not accept the leadership as he had not found general acceptance of his candidacy. The meeting showed the party to be deepely divided between hardline supporters of Dr. Sa Carneiro and a more moderate faction which fears an attempt to lead the party away from its social democratic principles and towards a more extreme right-wing position.

Factional disputes first surfaced at the party's November congress, when Dr. Sa Carneiro resigned the leadership. He appeared to have failed in an attempt to swing the party's more moderate political committee behind tougher opposition to the Government's austerity and land reform programmes.

Although the party's present policy is that of selective opposition to the ruling alliance of Socialists and Christian Democrats, the national committee admitted at the week-end that there was still no firm agreement about the areas to which this opposition should best be applied.

It is believed that continuing indecision is costing the party dear in terms of electoral support, and must be resolved before the party's next congress later this summer. In the meantime, observers will be watching Dr. Sa Carneiro who still enjoys considerable support, particularly among more conservative sectors in the North.

Home rule plan for Greenland

By Hilary Barnes

COPENHAGEN, May 15.

DENMARK'S Minister for Greenland has tabled legislation to give home rule to Greenland from next May.

Mr. Joergen Peder Hansen's Bill provides for Greenland to remain part of the Danish Monarchy and external relations will remain under the control of the Copenhagen Government.

هكذا من الأصل

OVERSEAS NEWS

Ceausescu and Hua urge united effort for peace

BY JOHN HOFFMAN

PEKING, May 15.

THE LEADERS of China and Romania said to-night that international tension could lead to a new world war. But both stressed that war could be averted by the unified resistance of independent nations.

President Nicolae Ceausescu of Romania and Chairman Hua Kuo-feng of China were speaking at a reception celebrating the visit to China of the Romanian leader. President Ceausescu arrived in Peking earlier to-day to be feted in a style reserved for China's closest friends.

Mr. Hua told him to-night that both countries needed a peaceful international environment in which to build their futures. "But there are always some people in the world who are bent on seeking world hegemony," he said.

The Chinese leader's remarks were an unmistakable reference to the Soviet Union and the United States. He said: "In their rivalry they are keeping up an intense arms race, each attempting to establish military supremacy over the other.

"They are poking their hands in everywhere to sow dissension, incite conflict and fish in troubled waters. They are bound to resort to force some day, and the danger of world war is ever more seriously threatening the independence and security of the people of all countries."

President Ceausescu agreed that competition for military supremacy was a threat, and that mediation was the only hope for the threatened countries.

"There exist in Europe today sharp contradictions, and the confrontation between huge armed forces and antagonistic military blocs which constitute a grave danger to the cause of peace," he said.

"We hold that the intensified arms race, which is becoming an ever-heavier burden, calls for all progressive forces to act before it is too late to bring about the adoption of concrete measures of disarmament, and first of all nuclear disarmament."

Mr. Ceausescu called for peace initiatives in the Middle East and Africa. "Romania stands for peace in the Middle East, based on the withdrawal of Israeli troops from Arab territories they occupied in the 1967 war. We pledge to help eliminate the remnants of colonialism in Africa, oppose the policies of apartheid and racial discrimination, and support the right of the Namibian and Rhodesian peoples to freedom and independent development."

Europeans reveal ignorance of Japan

By Charles Smith

TOKYO, May 15.

ABOUT ONE THIRD of the population of five major EEC member countries think Japan is a nuclear power — whereas in reality the Government has announced a "doctrine" renouncing the acquisition or manufacture of nuclear weapons. Roughly the same proportion believes the country is either Communist-governed or a dictatorship.

These facts seem to follow from the first Europe-wide public opinion poll ever conducted by the Japanese Foreign Ministry (although polls conducted five years ago in the UK also suggested that many people believed Japan to be Communist.

The poll, carried out last November, also suggested a degree of awareness and concern at the Japan-Europe trading imbalance and a strong tendency to argue that Japanese success is the result of low wages, copying or similiar negative factors.

Japan has been conducting annual polls in the US similar to last year's European exercise for a number of years. It apparently decided to extend its coverage after noting the vehemence of European reactions to the trading imbalance problem from late 1976 onwards.

The European poll however will not be conducted annually

The cost of the operation was roughly Y4m (nearly £100,000)—a large amount to be fitted into the Ministry's small budget for overseas public relations. Japan is equally concerned about its image in South East Asia and plans to poll the inhabitants of the five ASEAN (Association of South East Asian Nations) countries in the near future.

The five countries covered by last November's EEC poll were West Germany, France, Britain, Italy and Belgium. Of the five Britain appeared to have produced the most critical responses (particularly on topics related to trade) whereas West Germany, predictably, produced the mildest.

SRI LANKA

Discipline for development

BY MERVYN DE SILVA, IN COLOMBO

ECONOMIC and political changes introduced in Sri Lanka by the Executive President, Junius Jayawardene, and his United National Party (UNP) have provoked a storm of anxious protests from opposition MPs.

Mr. Jayawardene, freshly ensconced as Executive President (an office he created for himself), has opened his arms to an IMF-oriented development strategy, with centralised authority, incentives to big business and a much tougher policy towards unions and on the whole issue of law and order.

The country's mostly socialist opposition parties, with the recently displaced Mrs. S. Bandaranaike at their head, are alarmed. They claim that these policies are authoritarian, aiding Sri Lanka's most privileged groups at the expense of the less well-off.

A recent visit to Sri Lanka by *Singapore's premier, Lee Kuan Yew*, aggravated opposition misgivings. The national newspapers, mostly government owned, have acclaimed Mr. Lee's policies as pragmatic and flexible. They have attributed Singapore's economic successes to stability, foreign confidence and economic growth.

In March Mr. Deva Nair, reportedly Premier Lee's top trade union adviser, ended a visit to Sri Lanka with a lavish testimonial to Mr. Jayawardene's "white paper" on Labour. This draft law imposes a virtual ban on strikes and allows an employer to sack any worker, without cause, provided he pays a fixed sum as compensation.

The proposed law has drawn considerable fire, including that of Indian Tamil plantation labour led by Mr. S. Thondaman MP—not a man renowned for opposition to the government—the independent middle class Mercantile Union—which says the law violates ILO conventions, and the Christian Workers' Fellowship—which claims it defies Papal encylicals on workers rights. The emasculation, if not extinction of trade unionism is seen as a real threat.

The White Paper drew protests from the UNP unions too. Responding to their criticism, the government assured parliament that the law will apply only to State employees.

This tactical retreat has not dispelled opposition fears.

Assaults on picket lines and student activists only help to fuel the opposition campaign. A bus carrying some leftwing students was recently hijacked, forcibly driven to an unidentified "party carrying some left-wing students beaten up. Students of the Vidyalankara campus have been afraid to attend classes because of threatened reprisals for the death of an "outsider" killed in a recent campus brawl. Several students and a few academics have been suspended. At the Kandy campus when black flags were hoisted the day President Jayawardene assumed office.

According to its favoured idiom each opposition party describes these trends as "undemocratic," "repressive," "creeping regimentation," "incipient neo-fascism."

With several harsh years of emergency to her credit, Mrs. Bandaranaike is of course not too forceful a campaigner on such issues. The SLFP has other worries anyway. A Presidential Commission will inquire into "abuses of power" from 1970 to 1977.

The past eight months have seen so many "probes" that a left-wing columnist called it "Government by acupuncture." Mrs. Bandaranaike herself has described the earlier committees of inquiry as circuses minus the bread. She can no longer be quite so amused.

Encouraged by Indira Gandhi's dramatic recovery, Mrs. Bandaranaike sailed confidently into the Colombo West bye-election for Jayawardene's vacant seat. Her poor showing has not prevented her from holding country-wide rallies where she adopts a posture of martyrdom

At recent LSSP (Socialists) and CP congresses, the two major left parties offered other explanations for current developments. They claim the taming of trade unions will not only please local enterprise and foreign capital, but will be a necessary prelude to introduction of more austerity measures recommended by the IMF.

The UNP tactic is to take the unpopular steps early. Rank and file restlessnes is evident however as the progress of government plans slows embarrassingly.

A top World Bank official was nevertheles greatly impressed by these plans, particularly an accelerated Mahaveli dam diversion scheme—a massive multipurpose project. When the bank's group meets a substantial increase in project aid is expected. The government's hopes for easing the frightening unemployment problem rest largely on the Mahaveli scheme. But this might take as long to build as the infrastructure for Sri Lanka's trade zone.

Prices keep soaring, while impatient young job-seekers, who were mainly responsible for Mrs. Bandaranaike's downfall, continue to besiege the homes of government MPs and party organisers. The constant flow of sunshine stories in Sri Lanka's over-managed media make the gloom of day-to-day reality all the more irritating.

Late last year UNP intellectuals used to say "wait for February 4th," suggesting that after the constitutional change it would be all systems go. People are still waiting. Party stalwarts now say "wait for June and the third amendment."

Besides introducing proportional representation, this amendment will allow the President to reshuffle the cabinet and appoint district Ministers outside the cabinet. The administration will be streamlined and plans will run smoother the government argues.

But Sri Lanka's long stagnant economy becomes daily less capable of satisfying the aspirations of the young. More than half the 1.2m unemployed are "educated" youth. A university degree is still the only passport to a decent job and "standardisation" has not only helped rural students but Sinhala candidates.

Thus the university is the flash-point of the socio-economic crisis. When campuses opened on April 24, the Higher Education Ministry (a new body) warned trouble makers that they would be severely punished.

The unions and youth leagues want the opposition to close ranks. The SLFP unions are also pressing their leaders for an understanding with the left on basic questions

Government takes new powers

THE Sri Lanka Government is arming itself with massive powers to forestall a fresh outbreak of communal violence between the Sinhalese and minority Tamil population, David Housego and Simon Henderson report from Colombo.

Describing the situation as a "powder keg," President Junius Jayawardene said today that legislation would be brought before parliament this week to outlaw terrorist organisations, remove the right of bail for the most serious offences and oblige the courts to impose prison terms instead of suspended sentences.

In addition 500 armed police and several army units have been sent as reinforcements to the northern Tamil speaking part of the island.

These urgent measures have been taken following the murder during the last month of five Tamil police officers. An organisation calling itself the Tamil New Tigers Movement—and committed to establishing a separate Tamil state in the north of the island—has claimed responsibility for these murders as well as six others.

OBITUARY: SIR ROBERT MENZIES

A man of the Empire

BY OUR FOREIGN STAFF

SIR ROBERT MENZIES K.T. will be remembered not only as one of Australia's longest serving Prime Ministers—he held office without a break from 1950 to 1966—but also as one of the key figures in the Commonwealth during the two decades following the end of the Second World War. Menzies symbolised the Australian attachment to Britain, which was already growing weaker towards the end of his premiership, and has been still further eroded in the years since he resigned. He was a conservative figure by any standards, although where his personal feelings were involved, as in the reform and extension of the university system, he could be as committed as any member of the Australian Labor Party. But Menzies deserves a place in history as much for the era over which he presided as for his own ideas or even his commanding and, to most people, attractive personality. It was a long, prosperous, and above all stable period.

Menzies was born in 1894 in the northwest of what was then the Colony of Victoria. After a term in the Victorian Parliament his real career started in 1932 when the collapse of a Federal Labor government and the subsequent shifts of key personalities in the United Australia Party gave Menzies entry to Federal politics. He entered the Commonwealth Government as Attorney General in 1934, being sworn in before taking his seat in the House of Representatives. In 1937 he became Deputy Leader of the United Australia Party under the Prime Minister J. A. Lyons, and one of King George VI's privy councillors.

When Lyons died early in 1939, the Prime Ministership temporarily devolved upon the Deputy Prime Minister, Sir Earle Page, who was the leader of the Country Party, the minority Government party. As Menzies tells it, he had some time earlier "resigned from the Government when it decided to abandon its recently enacted National Insurance scheme, largely under pressure from Page, and returned to practice at the Bar." Despite this, Menzies was elected leader of the UAP and was thus entitled as leader of the majority party to be commissioned as Prime Minister.

On Britain's declaration of war against Germany in September, 1939, Menzies told the nation that "as a result" Australia was at war. He was backed by the vast majority of Australians in his decision, if not in the precise wording of its announcement.

In the years 1944-45, and especially after the Labor victory of 1943, he drew together the remnants of his old party, numberin some 14 organisations from the various states, and galvanised them into a fighting party organisation as the Liberal Party. Together with the Country Party under Fadden, the opposition Liberals made some small inroads in the Chifley Labor Government's floor majority in the 1946 election. By 1949, after Chifley's bank nationalisation fiasco, they were poised for victory and inflicted on the Labor Government a crushing defeat, banishing the Labor Party to the opposition benches, where they have since remained.

Though he could not have suspected it at the time, Menzies in December, 1949, embarked on an unbroken term of office of 16 years as Prime Minister, repeatedly defeating the Labor Party.

World events from 1949 until 1966 need not be discussed in depth, for Australians, and Menzies in particular, would not mark Australia's participation in them as being of global importance. At home, Menzies presided over a country which attained much in terms of domestic prosperity and stability. The only serious downturn, and this was induced by his Government as a counter-inflationary measure in 1960-61, almost cost Menzies the Prime Ministership.

With a floor majority of one, however, Menzies fought on through a resurgence of domestic prosperity and won a greatly increased majority in the 1963 election. Menzies stepped down from the Prime Ministership in February, 1966.

Menzies has often been taken to task for his vacillation and dilatoriness on defence policy in the fifties and early sixties. For want of a champion his case would seem to go heavily against him. His Government's order of the F-III aircraft just before the 1963 election spelt trouble for his successor governments. He has also been accused, with far less justice, of failing to alert his country to its regional responsibilities in Asia. This is an extraordinary charge when one considers that his Government in 1950 played a crucial part in inaugurating the Colombo Plan, and later encouraged the development of the Indus Basin. His Government committed Australian forces to Korea in 1950, stationed troops in Malaya in 1955 (against Labour's opposition), assisted Britain in meeting Sukarno's confrontation of Malaysia, and committed Australian forces to Vietnam.

The all-important ANZUS treaty was signed with Menzies' encouragement, as well as the less viable SEATO. Australia played a significant role in formulating the Japanese Peace Treaty, and established trading relations with that country of inestimable value.

Today, after the stormy passage of the Labour Government under Gough Whitlam, and the restoration of Liberal Party rule under Malcolm Fraser, the name of Robert Menzies is a reminder of how much has changed in the relationship of Australia to the modern world.

OVERSEAS NEWS

Shah report attacks Mrs. Gandhi's 'abuse of power'

BY K. K. SHARMA

NEW DELHI, May 15.

THE INDIAN Government today backed the findings of a commission of inquiry which strongly criticised former Prime Minister, Mrs. Indira Gandhi, for abuse of power during the final 21 months of her rule.

The government, headed by Mr. Morarji Desai's Janata Party, has not yet charged Mrs. Gandhi, but her supporters, who fear her imminent arrest, have announced plans for a national campaign of civil disobedience.

The Shah commission, headed by a former justice of the Supreme Court, Mr. J. C. Shah, tabled two interim reports in Parliament, giving its findings on Mrs. Gandhi's conduct during India's state of emergency.

The commission indicted Mrs. Gandhi for abuse of authority, and found that she imposed the state of emergency in June 1975 to serve personal ends.

"Thousands were detained and a series of totally illegal and unwarranted actions followed involving untold misery and suffering," the commission said. "There is no evidence of circumstances which would warrant the declaration of an emergency."

Although the way is now clear for prosecution of Mrs. Gandhi, whether this will be done depends on the Government, which is vacillating bacause of a major political offensive by her supporters.

It is understood that a Cabinet committee has been appointed to go into the matter—a sign that the Government is in no mood to take immediate action.

The Congress (I) Party formed by Mrs. Gandhi was, however, warned today that if any violent agitation was launched, the Government would take stern action, although peaceful demonstrations would be permitted.

The commission's reports are a major indictment of Mrs. Gandhi's rule and in particular, of her son Sanjay. He is in jail for intimidating witnesses in a criminal case against him.

"It is surprising that he (Sanjay Gandhi) should have wielded such enormous powers without being accountable to anyone," the commission says.

"The commission cannot think of a situation similar to this one, in which an individual functioned with such authority, ruthlessness and effectiveness without the slightest claim to (his) position, except that he was the son of the then Prime Minister."

The commission said Sanjay Gandhi appeared to have had no sense of responsibility and could not be called upon to account to anybody for his action and behaviour.

Sarkis to reappoint previous Cabinet

By Ihsan Hijazi

BEIRUT, May 15.

PRESIDENT Elias Sarkis has decided to revive the Cabinet of technocrats which resigned last month, following the failure of efforts to form a government of national unity.

The reappointment of the eight-man Cabinet is expected this week after the President and Mr. Salim al Hoss, the premier-designate, have held additional consultations.

Conflicting demands by Moslem and Christian leaders have obstructed the efforts by Dr. Hoss—who headed the last Cabinet—to form a new one.

Mr. Sarkis met today with Mr. Pierre Gemayel, leader of the largest Christian organisation, the Phalange Party. Another prominent Christian leader, Mr. Camille Chamoun, declared after seeing the President over the weekend that he had no objections to reviving the old Cabinet.

Mr. Chamoun's insistence that all members of the new Cabinet should also be members of parliament was described as one of the main factors which complicated the formation of the new government. The demand was intended to keep out Left-wing Moslem activists who are not represented in the legislature.

The decision by Mr. Sarkis to revive the old cabinet is being seen as a last resort to avoid a power vacuum. It shows that 18 months after the end of the civil war, a national entente between Lebanon's Moslem and Christian communities remains impossible.

As a result, President Sarkis, himself a former banker, will still have to depend on technocrats in his administration until such an entente finally becomes possible.

There have, however, been some steps towards Moslem-Christian reconciliation. A reconciliation between former President Suleiman Franjieh and ex-Premier Rashid Karami has evoked a great deal of interest here. The two met last weekend for the first time in over two years, at a luncheon given by Col. Tamer al Jonny, the commander of Syrian troops stationed in northern Lebanon. This showed the reconciliation had Syrian blessings.

Mr. Franjieh, a Christian Maronite, and Mr. Karami, a Sunni Moslem, fell apart when both were in power during the civil war.

The reconciliation was interrupted by Mr. Franjieh's sudden illness. He was hospitalised over the weekend after suffering what was described as a mild heart attack. His condition was reported to be satisfactory.

BOTSWANA AND THE RHODESIAN CRISIS

A threat to development

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

FOR THE first ten years of independence, Botswana did without an army. "We didn't need one. We decided our slim resources should go elsewhere," Mr. Archie Mogwe, the country's Foreign Minister, says in explanation. He adds, underlining the pacifist nature of the majority of cattle-farming Botswana, that only one man was killed by the country's police force in ten years.

Times have changed for Botswana, and it is a sad irony that this week's visit by President Sir Seretse Khama to Britain should take place in the shadow of an incident in which three men, one an 18-year-old Briton, Nicholas Love, were shot in still undisclosed circumstances by members of Botswana's newly-formed Defence Force.

The Force was created last year, in response to the growing insecurity on Botswana's border with Rhodesia.

The war and heightening tension in Rhodesia over the last few years have adversely affected Botswana's development in several ways, of which the creation of the army—perhaps 1,000 strong and costing some $20m.—is only one. For much of the last two years, Botswana has received a continuing flow of refugees from Rhodesia. Last year, the weekly influx averaged 600, and is apparently only slightly less now despite the internal settlement agreement, which, like President Kaunda of Zambia, President Khama opposes as being a recipe for civil war.

Botswana's carefully neutral policy—it accepts the refugees for onward passage but will not allow guerilla bases, is inevitably being frayed at the edges as Rhodesian forces in search of guerillas foray across the Botswana border. In a special report last year, the UN estimated that the Rhodesian war and its effects would cost Botswana at least $60m., which was probably an underestimate.

One of the main economic costs of the war would be a Botswana takeover of the railway, the country's economic lifeline. One of the most curious of colonial hangovers, the railway was built as the first stage in realising Cecil Rhodes's dream of a railroad from the Cape to Cairo. It is still owned and operated by Rhodesia. Botswana has neither the financial nor the manpower resources to take it over completely. Such action, once recommended within the context of UN sanctions against Rhodesia, has been resisted until now as likely to prove far more damaging to Botswana than to Rhodesia (the country's beef and much of its mineral exports depend totally on the railway as do imports of fuel).

But the Government fears that the line could be put out of action if the Rhodesian war hots up, or—even more alarming—becomes a civil war after Rhodesian independence. A British team from BR's consulting arm Transmark is currently refining earlier studies to make an emergency takeover possible: further British aid if such a takeover becomes necessary will undoubtedly be on President Khama's agenda for talks with British ministers.

Rhodesia is bound to dominate President Khama's talks in London this week and despite his apparent greater "moderation," the Botswana President is bound to urge upon Mr. Callaghan and his colleagues the message that they will have been given forcibly by President Kaunda of Zambia yesterday. "Do not recognise the internal settlement in Rhodesia: do all in your power to bring the black nationalists together and effect a real transfer of power."

FIGHTING IN ZAIRE

Rebel forces threaten vital mining town

BY A SPECIAL CORRESPONDENT

THE INVASION of the southern province of Shaba by forces from Angola is the third threat President Mobutu Sese Seko's one-man rule in Zaire has faced this year. The copper-mining town of Kolwezi is particularly important because of the economic implications for Zaire if it fell to the rebels, as the National Front for the Liberation of the Congo (FNLC) is claiming it has done.

The town is also the military headquarters for the 9,000 members of the 25,000-man Zaire army in Shaba province. They belong mainly to the North-Korean trained Kamanyola Brigade, viewed as one of the better units of the Zaire army. But, as with the rest of the army, their morale is believed to be low because of delays in receiving pay and shortages of food.

Kolwezi also has a symbolic value because it was from there that the Moroccan-suported Zaireans began their counter-offensive last year. The first town they retook of any size was Mutshatsha, a dusty railway halt that has retained its psychological importance since last year.

There seems little doubt that the invasion has been better planned and more effective this year than last. It is uncertain, however, how seriously it will jolt President Mobutu's hold on power.

The invasion is taking place 1,200 miles from Kinshasa and there have so far been no reports here of any popular uprising in the rest of the country. Shaba itself is still largely depopulated following last year's crisis and army officers from the Lunda and Baluba tribes of central and southern Zaire were purged earlier last year. The purge culminated in a show-trial in Kinshasa after which eight army officers and five civilians were shot at dawn in mid-March.

Analysts here say it is questionable how long the rebels can hold ground they take if, as expected, Morocco and France respond favourably to President Mobutu's request for assistance. What the rebels need is a show of popular support. But opposition to President Mobutu, driven underground or in exile, has in the past been divided on tribal and ideological lines and weakened by the President's harsh treatment of dissidence through his secret police.

Nonetheless, the signs of dissatisfaction with President Mobutu's regime are on the increase. The Presidential guard was called out last January to put down unrest in the central Bandundu area and did so with characteristic ruthlessness, according to diplomatic sources. The purge of army officers further highlighted President Mobutu's lack of confidence in the army that helped him to power in 1965 and has helped keep him there since then.

Apart from the economic and military dangers of the invasion, President Mobutu is facing the possibility of the FNLC becoming a rallying point for opposition, sparking off general unrest, as the Angolan-based rebels seem intent on doing.

The President's capital is surrounded by tawdry slums and shanties whose 1m inhabitants are suffering from shortages, 80 per cent inflation and a youth unemployment rate near 50 per cent. Any show of organised and cohesive opposition could thus become a catalyst for serious trouble.

President Mobutu has been quick this time to call for foreign support. He is believed to be preparing a diplomatic assault on the Soviet Union, Cuba and Angola for allegedly masterminding the operation. His secret service already claims to have intercepted radio messages between Luanda and the rebels on which Spanish-speaking voices were heard. The Zaireans also claim whites were among the rebels, apparently a reference to Cubans.

East Germany plays an increased role

BY LESLIE COLITT

BERLIN, May 15.

AN EAST GERMAN military delegation is in Congo Brazzaville as a sign of the growing involvement of East Germany in African politics. Congo Brazzaville borders on Angola which was the previous stop on the current African tour by the East German army delegation led by General Heinz Hoffmann, the Defence Minister.

East European diplomats here say East Germany has long since replaced Czechoslovakia as the second most important source of material and political support among the European Communist countries, after the Soviet Union.

East Germany has for years been patiently cultivating Africans in the former colonies of southern Africa by providing educational, technical and medical aid and, more recently, military training. The East German Communists believe they are now about to reap the rewards.

At a meeting with the Congolese Defence Minister, General Hoffmann was quoted as saying that East Germany would do everything in its power to "support peoples who are fighting for their liberation from political and economic enslavement."

In Angola, General Hoffmann visited the southern province where South African forces had attacked what they said was a guerrilla base. He assured Angola that East Germany would "increase the contribution we make together with the mighty Soviet Union, in the anti-imperialist front."

AMERICAN NEWS

New plan for supervision of banks' foreign lending

BY STEWART FLEMING

NEW YORK, May 15.

FEDERAL BANK regulatory agencies in the U.S. are about to introduce, for the first time, a co-ordinated system for monitoring foreign lending by banks and for assessing in detail lending risks in terms of political and economic conditions abroad.

As a result of the new approach, the Comptroller of the Currency, Mr. John Heimann, is expected to announce tomorrow that his office is not going to proceed with a proposal for applying a "means" and "purpose" test to U.S. banks in their foreign lending.

The tests would have required banks to lump together loans to foreign governments and their wholly or partly-owned agencies, if an agency could not demonstrate its ability to repay the loans (the means test) or that the funds were to be used in the normal course of business (the purpose test).

The new supervisory proposals for foreign lending reflect the continuing concern in the U.S. about the increasing foreign exposures of commercial banks and the feeling in some quarters that the ability of regulators to monitor foreign operations of banks were lagging behind this growth.

The proposals are outlined in considerable detail in the spring edition of the Federal Reserve Board of New York Quarterly Review. The new supervisory system described has been operated on a trial basis by the New York Fed, and needs the approval of the Reserve Board in Washington before it can be applied to all Federal Reserve members.

However, the new system has been designed with a broad measure of agreement between the main agencies responsible for monitoring the foreign lending by U.S. banks.

Namely, the Federal Reserve, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

The article says that important elements in the new supervisory plans are a common reporting form and changes in procedure for examination of bank international loan portfolios, with emphasis on identifying concentrations of lending which seem large in relation to bank capital and conditions of the recipient country.

The proposal rejects the establishment of uniform procedures which banks would have to follow in making a foreign loan, and also rejects the setting-up of a system of credit ratings of countries and any list of countries which banks must avoid in making loans.

Where it would differ from previous approaches, however, is in the emphasis on analysing "country risk," which arises from economic, social, legal, and political conditions in a foreign country, as opposed to the traditional "credit risk" analysis which is common to domestic and foreign lending.

The system, as outlined in the New York Fed Review, would allow Federal bank examiners to draw on the knowledge and expertise of specialists within the Federal Reserve system about country conditions, so as to enable them to identify potentially adverse developments in a country. In order to identify countries warranting a review in depth, their economic performance would be screened.

Uniform methods would be established for measuring the foreign loan exposure of a bank, whether a loan was made from head office or a branch or affiliate abroad, and also to identify the country of ultimate risk in cases where, for example, a loan in one country is guaranteed by an entity in another.

Another part of the new examination approach would involve an evaluation of the risk management systems used by banks. A key element in the new system, which Mr. Heimann is expected to emphasise tomorrow, will be the importance of diversification of foreign lending by banks to protect themselves.

Dominicans expected to re-elect Balaguer

By Hugh O'Shaughnessy

PRESIDENT Joaquin Balaguer and his conservative Reformist Party are expected to be declared the winners of the general elections—presidential, parliamentary and municipal—to be held in the Dominican Republic today.

Dr. Balaguer was first elected President in 1961 and later deposed. He has been President uninterruptedly since 1966, and enjoys the support of the military and the police. He has been campaigning on fears of a recrudescence of the civil strife and foreign invasion of 1965.

His principal opposition is the Dominican Revolutionary Party, a social democratic grouping led by Sr. Francisco Pena Gomez. The party is putting up Sr. Antonio Guzman for the presidency.

Opposition groups have been alleging government pressure on the opponents of Dr Balaguer. Since its independence in the early 1840s, the republic has never had a peaceful transfer of power from one party to another.

More than half of Dominican trade is with the U.S., and U.S. investments are numerous. Washington has indicated that it would find little problem in accepting the victory of either of the main contenders for the presidency.

Blumenthal opposes tax move

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 15.

MR. MICHAEL Blumenthal, the Treasury Secretary, today sharply opposed a Congressional proposal to cut capital gains taxes back to their pre-1969 levels.

In a letter to members of the House of Representatives Ways and Means Committee, he said that this amendment, advanced by a conservative Republican from Wisconsin, would cost the Treasury more than $2bn a year in income, was inequitable in that only the wealthiest would benefit, and would set back the cause of progressive tax reform.

Mr. Blumenthal's intervention in this case is noteworthy not so much because of the specific issue involved—a major capital gains tax cut has realistially little chance of passage this year—but because it illustrates the extreme complexity and uncertainty of the Tax Bill now being evolved on Capitol Hill.

President Carter's decision announced on Friday to accept a smaller net tax cut than he had originally proposed may have narowed differences over the overall size of the reduction but it has far from resolved the question of its composition.

The outstanding issue is whether or not the tax cuts should include a rollback in higher social security levies due to take effect at the start of next year. Last week the Ways and Means Committee, in which all tax legislation originates, voted by a bare majority (of 19 to 18) to reduce next year's social security tax by $6.2bn and in effect to cut the overall tax package by a like amount.

The Administration opposed tinkering with the new social security rates which were passed by Congress only last year. Additionally, Senator Russell Long, powerful chairman of the Senate Finance Committee, disapproves of the House proposal to divert general Treasury revenues to subsidise the social security trust funds.

This concept was part of the Administration's own social security reform proposals last year but was ignored by Congress.

However the close division inside the Ways and Means Committee makes it by no means certain that the full House, let alone the Senate, will end up by approving a rollback in social security taxes. At the same time neither chamber appears near to agreement on the tax cuts to be applied to individuals and corporations, although both seem determined to dismember the simultaneous package of revenue raising reforms put forward by President Carter, such as his elimination of deductions for "three Martini lunches."

Saab automobile workers strike in Brazil

By Sue Branford

SAO PAULO, May 15.

ALL 2,000 workers at the Swedish-owned Saab-Scania automobile factory in Sao Bernardo, on the outskirts of Sao Paulo, have unexpectedly come out on strike. They are calling for a 20 per cent increase in wages to make up for the erosion by inflation in recent years.

They are also demanding recognition by the Scania management of a workers' commission, linked to the Metal-workers' Union, in the factory. The workers say that, when Swedish trade union leaders visited the factory a few months ago, the management agreed to the formation of this commission, but later went back on its word.

The wild-cat strike, which began on Friday, has considerable political importance in Brazil, being one of the first major stoppages since 1968 when the Government sent troops to break up an important strike in Osasco, another industrial suburb of Sao Paulo.

The strike is indicative of growing discontent among the 100,000 metal-workers in the Brazilian automobile industry. During the last three weeks, there have been minor stoppages at Ford and Mercedes-Benz factories.

The workers have become increasingly dissatisfied with their annual wage increases, which frequently have not matched the rise in the cost-of-living index. Trade union statistics show that, since the military Government displaced collective bargaining with strict wage control in 1965, the purchasing power of nearly all industrial wages has fallen.

The workers claim that, even during the Brazilian economic miracle in the early 1970s, they gained no benefit from their contribution to the large rises in the gross national product.

Peru imposes more austerity measures

LIMA, May 15.

THE PERUVIAN military government today announced a stiff package of economic measures, including a 67 per cent rise on the price of petrol, to cope with its financial crisis.

At the same time, university and college classes were suspended until further notice as from today for fear of a repeat of the general strike and widespread rioting which followed last July on the heels of previous austerity measures.

The measures announced today—the second part of a long-awaited economic austerity programme — included the elimination of remaining subsidies on items such as petrol, dairy products, bread and edible oils. The first part of the programme was announced last week.

The announcement today indicated that some agreement had been reached by the government with the International Monetary Fund, which has long been insisting on cuts in public spending as a condition for granting Peru an urgent stand-by credit to alleviate some of its balance of payment difficulties.

It coincided with the appointment of two civilians to key ministerial positions.

Reuter

U.S. COMPANY NEWS

Suitor for Corco: Swedish bid for Dymo Industries: Petrofina Canada first quarter setback, Page 35

Guyana election likely to be postponed

By Our Own Correspondent

GEORGETOWN, May 15.

A REFERENDUM to pave the way for the introduction of a new constitution for Guyana is to be held in July. Should the government win, then it will seek to have Parliament turn itself into a constituent assembly for the purpose of drafting the new constitution.

Announcing this over the the weekend, Mr. Forbes Burnham, the Prime Minister, expressed doubts as to whether elections would be held this year. They are constitutionally due not later than October 26.

He said that, if the assembly were set up, then elections would depend on its completing its work, but he doubted that it could do so this year.

The government will also seek to add to the constituent assembly a number of other groups and organisations—such as the Trades Union Congress, the Council of Churches, and the Association of Local Authorities. It will receive memoranda and hear evidence before drafting the constitution. The draft will then be considered by parliament.

Parliament has already approved a constitution Bill which seeks to transfer to parliament constitutional powers now residing in the people in a right to referenda.

Opposition parties and other groups, including the Council of Churches, have accused the government of timing the change to coincide with the end of its five-year term in office, so as to postpone elections in a period of much dissatisfaction with the economy.

Supreme Court allows uranium case to proceed

WASHINGTON, May 15.

THE U.S. Supreme Court refused to prevent a New Mexico state court proceeding with a $700m damages suit brought by United Nuclear Corporation against General Atomic Corporation.

The state court ruled in March that United Nuclear should be released from contracts it entered into in 1973 and 1974 to deliver uranium to General Atomic. About 27m. lbs of uranium have not been delivered.

United Nuclear, which claimed injuries from General Atomic's alleged involvemet in an international uranium cartel, asked for damages amounting to more than $700m, General Atomic said in its petition to the Supreme Court.

General Atomic is a partnership of Gulf Oil Corporation and Scallop Nuclear Inc., a subsidiary fo the Royal Dutch/Shell group.

Reuter

Chileans rearrested

Three political prisoners released in Chile under an amnesty granted this month were arrested as soon as they left jail and will be sent into exile. Chilean police said yesterday, Reuter reports from Santiago. A police statement identified the three as Srs Victor Haressman Sepulveda, Hector Reyes Nunez and Enrique Sepulveda Colome, and described them as highly dangerous to the internal security of Chile. It said that all three had been members of the banned Revolutionary Left Movement. The Chilean Government recently declared an amnesty for political prisoners and exiles, but later modified it.

US letter charge rise

By David Lascelles

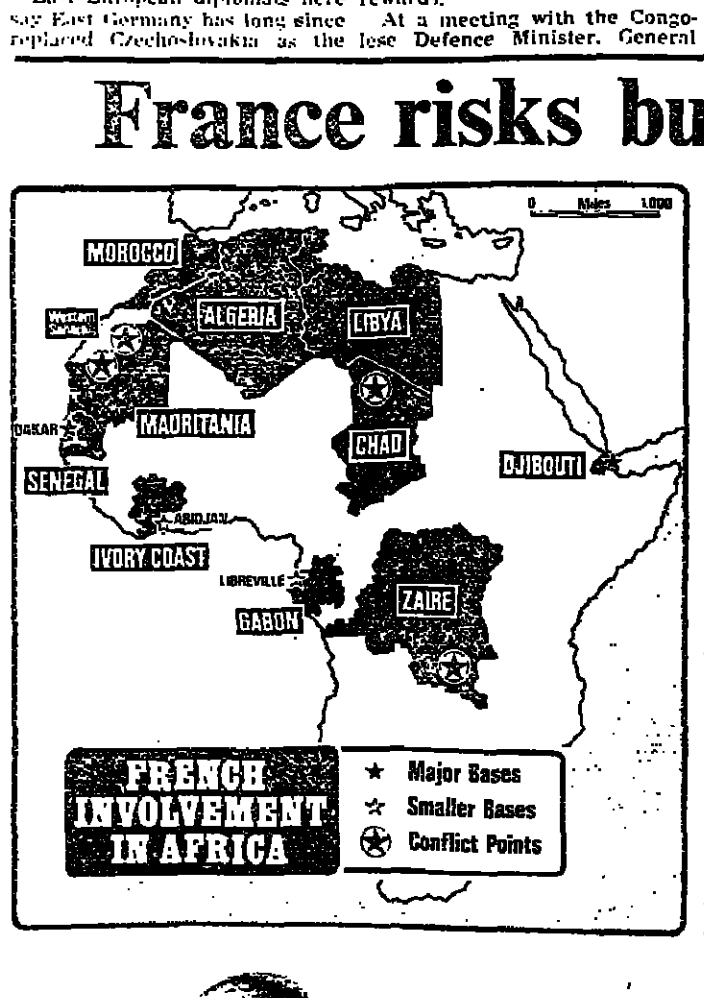
NEW YORK, May 15.

AN INCREASE from 13 to 15 cents for inland letter postage has been recommended by the U.S. Postal Rate Commission, and is almost certain to be approved and introduced by the Postal Service Board at the end of this month.

The increase, the first for 2½ years, will bring the postal service $1.9bn in additional annual revenue, but this will be $57m. less than it requested.

It was also announced today that Western Union International, the main operator of overseas telex services, was proposing to cut by 25 per cent its charges for some international calls to Africa, Asia, and the Middle East.

France risks burnt fingers as its troops try to put out African fires



BY DAVID WHITE IN PARIS

WHERE will France be fighting next? Zaire's appeal for French military support in its south-eastern Shaba province opens the prospect of its taking on a fourth overseas front. With its military involvement under attack at home—from the Left—and abroad—from, among others, the Danes in the European Parliament last week—France is running an increasing risk of burning its fingers in foreign wars.

The French armed forces are currently engaged in three conflicts: in the Lebanon as part of the UN buffer force, in Chad, and in the Western Sahara. The Lebanon is of course a case apart, but it is significant that France should be the only permanent member of the UN Security Council to have troops taking part in peace-keeping units.

In Africa, the concern for a French role is all the more overt. A year after the last French mainland possession, Djibouti, became independent, France is the only former colonial power now militarily active in its erstwhile territories. With about 10,000 men at the ready and bases in Djibouti, Senegal, the Ivory Coast and Gabon, France has made it its business to intervene when the borders of its African friends are threatened.

"Whatever the sometimes difficult consequences might be," M. Louis de Guiringaud, the Foreign Minister, told a meeting of African foreign ministers last week, "France remains decided to come to the aid of those countries which, in trying circumstances, request its aid to maintain their independence and sovereignty, in line with agreements that have been made."

A fifth Franco-African summit starts in Paris next Monday, the turnout of African heads of government has increased to about 20 since the first summit in 1973. Countries such as the Ivory Coast have given open support to France's "stabilising" role, in counterbalance to strong Cuban and Soviet intervention. President Valery Giscard d'Estaing, playing in Gaullist fashion on the electoral value of French influence in the world, has been reinforcing black African ties and even plans to visit Guinea, which has been politically the most distant of ex-colonies in the region.

Questioned recently on French intervention, M. de Guiringaud stated that "French soldiers are nowhere engaged in direct military operations." As an afterthought, he added, "with one or two exceptions."

One of those exceptions was the resumption of French action in the Western Sahara conflict. Last October, after several Frenchmen had been taken prisoner by the Polisario movement fighting against the division of the formerly Spanish-controlled Western Sahara between Morocco and Mauritania, 10 Jaguar fighter-bombers were moved into Mauritania. A Fortnight ago, the Jaguars were in action again, coming to the aid of Mauritanian and Moroccan forces against a motorised Polisario column.

France has certainly become deeply involved with Morocco. It has just sold Morocco an unspecified number of sophisticated Crotale ground-to-air missiles, in a deal reported to be worth $200m. French instructors will be sent with them. Fifty Mirage F-1 fighters are being delivered. 24 Alpha-jet support aircraft are on order, and the Moroccan Air Force has French-made Fouga fighters and Puma combat helicopters.

When President Mobutu, of Zaire, first appealed for French help in April last year, against an Angolan-based force of former Katangan gendarmes, French transport aircraft were used to fly arms and Moroccan troops to the region.

The other focus of French involvement—as it has been on and off for many years—is Chad, that vast, divided, under-populated region that occupies a pivotal position between North, West, and East Africa. About 1,000 French troops are reckoned to have arrived there in recent weeks, including legionnaires and paratroopers, to back a 500-strong team of French advisers.

The reinforcements, which changed a discreet military role into an overt one, came after heavy territorial losses by the military regime in the face of the Libyan-backed National Liberation Front (Frolinat), and threats to French civilians, many of whom are leaving.

It is the second time in ten years that French has rallied to Chad. In 1968, the then President Tombalbaye called for French help and received it in the form of marines, legionnaires, paratroopers, aircraft, and armoured cars. Three years ago, after Gen. Felix Malloum had taken over and a French archaeologist, Mme. Claustre, had been kidnapped by guerrillas, a quarrel led to a French withdrawal. But in 1976 Gen. Malloum again signed a defence pact. Last month, French Jaguars landed in the capital, N'Djamena.

This time the rebels will not be so easily repelled. The Libyans occupy a strip next to their own border and Frolinat is reported to be in virtual control of the northern, Moslem half of the country.

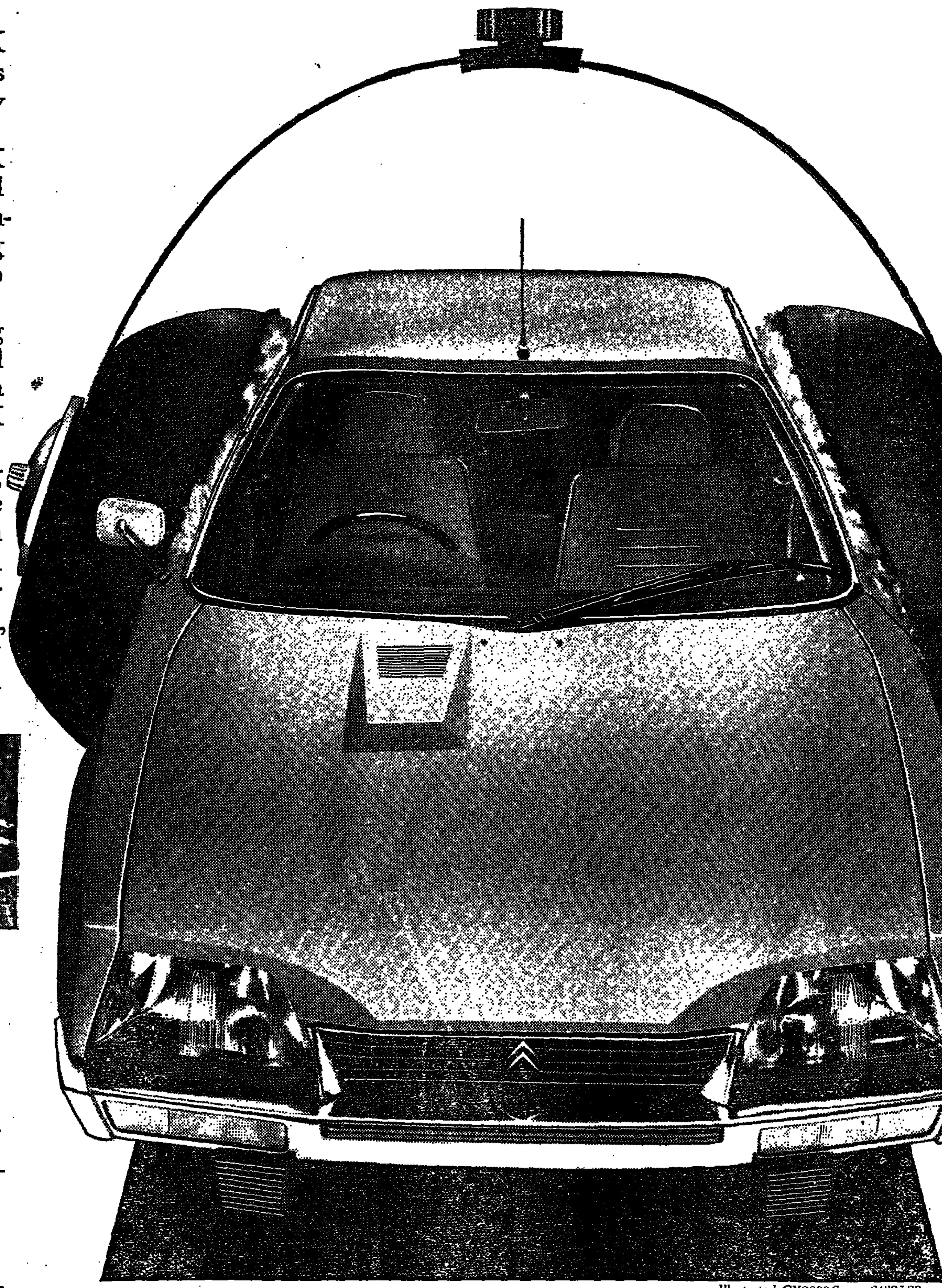
The best that the French can realistically hope for, it seems, is to keep the situation steady long enough for Gen. Malloum, who has already rallied some splinter groups of Frolinat to his side, to patch together an honourable compromise.

France has proved consistent in fulfilling its defence agreements. But the question is emerging, to what advantage and at what cost? Involvement in Chad and the Western Sahara is severely damaging to French relations with Libya and Algeria, the respective patrons of Frolinat and the Polisario, and far more important economically to France than the countries being defended.

Giscard Africanus is making enemies almost as quickly as friends. Some argue that French intervention works negatively in the long term by encouraging the—already far greater—interference of countries such as Cuba.

Financial Times, published daily except Sundays and holidays. U.S. subscription $200.00 ... Second class postage paid at New York, N.Y.

ADVANTAGES OF BELONGING TO THE SILENT MINORITY.



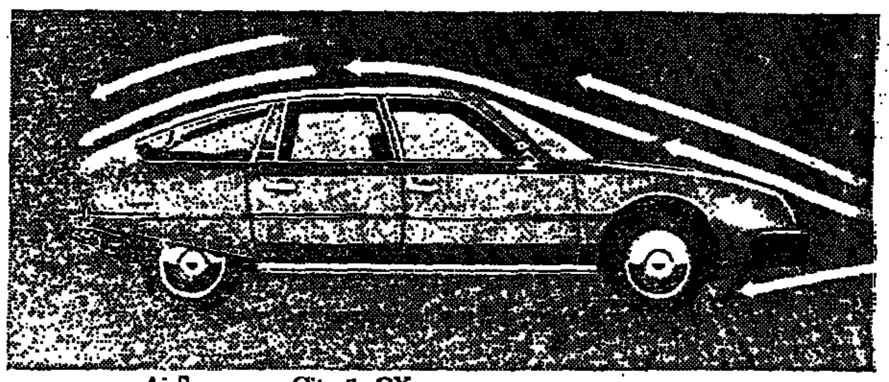
Illustrated: CX2000 Super £4895.28.

First impressions of the Citroën CX can be quite misleading. If ever a car was designed to delight the eye then surely this is it.

In truth, the elegant lines of the CX owe far more to the dictates of practical requirements than to any aesthetic considerations. Its aerodynamic styling makes it an exceptionally quiet car to drive at any speed.

It reduces wind noise by allowing the wind to sweep over, under and around the car. For extra good measure, there's a high level of sound insulation in the CX which reduces road noise.

Benefits of aerodynamic styling don't end there either. The shape of the CX offers minimal wind resistance, which is an aid to effortless acceleration. Its wind cheating design also accounts for greater fuel economy with the CX Pallas (5 speed, manual gearbox) returning a pleasantly astonishing 39.8 mpg at a constant 56 mph (7.1 l/100 km at 90 km/h).



Airflow across Citroën CX.

A unique feature of the CX which contributes further to quietness is that the car body is attached by means of rubber mountings to the underframe. (This carries the wheel suspension, steering, braking system, engine and gearbox assembly.) The rubber mountings have the effect of soundproofing the passenger compartment by filtering engine and mechanical noise. Vibration and noise due to road shocks are also filtered.

Steering is Citroën's unique Vari-Power system. No other car has a steering which can match it. When parking it's finger light, and power-returns to a straight line position immediately the steering wheel is released.

On the open road, VariPower steering grows progressively firmer with increasing speed. Deviation from a straight line is negligible in the CX, even on a motorway in strong cross winds. It also prevents wheels being deflected by road surface irregularities so that the driver is always in complete control.

UNSURPASSED FOR COMFORT.

However long a journey, driver and passengers remain comfortable in the CX and arrive relaxed and uncramped. The seats give excellent back and leg support, hugging as if moulded to the very shape of your body.

Suspension plays a major part in comfort on long trips. Citroën's celebrated hydropneumatic system is unsurpassed for comfort and safety in any car at any price.

A ride in the CX is remarkably smooth with all bumps and road shocks being absorbed. More impressive though, in the case of a tyre blowout at, say, 70 mph, the combination of Citroën's hydropneumatic suspension and CX steering geometry maintains directional stability and keeps the car safely under control, even when braking.

Joining the silent minority could be a lot less expensive than you might think. £4636.71 would buy you a CX 2000. The range extends up to the luxurious, longer wheelbase CX Prestige Injection C-matic at £8640.45 with a choice of engines (carburettor, fuel injection and diesel) and manual or C-matic transmission.

All CX models have recommended service intervals of 10,000 miles and have a 1 year guarantee. The suspension is guaranteed for 2 years (max: 65,000 miles).

A selection of the 16 models in the CX range

Model	BHP	Top Speed	Price
CX 2000	102	109 mph	£4636.71
CX 2000 Super	102	109 mph	£4895.28
CX 2400 Super (5 speed)	115	112 mph	£5427.63
CX 2400 Pallas (5 speed)	115	112 mph	£5978.70
CX 2400 Pallas Injection (C-matic)	128	112 mph	£6597.63
CX 2400 GTi (5 speed Injection)	128	118 mph	£6580.08
CX 2400 Safari Estate	115	109 mph	£5575.05
CX 2500 Diesel Safari Estate	75	90 mph	£6072.30
CX 2400 Familiale	115	109 mph	£5678.01
CX Prestige Injection (C-matic)	128	112 mph	£8640.45

Prices include car tax, VAT and inertia reel seat belts but exclude number plates. Delivery charge £68.04 (inc. VAT). Prices are correct at time of going to press.

Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes and Preferential Finance scheme. Check the Yellow Pages for the name and address of your nearest dealer. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Telephone: Slough 23808.

CITROËN CX. A WORLD OF COMFORT.

CITROËN CX

Tokyo airport bars British aircraft on sales mission

BY CHARLES SMITH

TOKYO, May 15.

A BRITISH aircraft, the Coastguarder, which has arrived in Japan on a demonstration tour, has been refused permission to land at Haneda Airport, the old international airport for Tokyo, and will have to operate during a six-day stay out of airports in the northeast and southwest extremities of the country.

The refusal is attributed to congestion at Haneda resulting from the two-month delay in opening Narita International, where the control tower was damaged by demonstrators in March.

The Coastguarder arrived this afternoon at Sendai in northeast Japan after demonstration flights in the Philippines. Later in the week it will fly to Hakodate, in the northern island of Hokkaido, then to Fukuoka in southwest Japan.

The Coastguarder is an adaptation of the Hawker Siddeley 748 short-haul airliner equipped with electronics for spotting intruders in 200-mile fishing zones. Japan, which established its fisheries zones in April last year, is understood to be in the market for four such aircraft and is expected to decide on a purchase within two months. The buyer would be the Maritime Safety Agency (MSA), an official body responsible for patrolling Japan's coasts.

British officials concerned with the Coastguarder's tour of Japan agree that the three ports at which clearance was given were near MSA bases and thus suitable starting points for demonstrations. However, they say it would have been easier to show the aircraft to officials had it been allowed into Haneda. The invitations to MSA to attend demonstration flights are said to have been "acknowledged" rather than replied to when first sent out.

The Coastguarder was one of four aircraft mentioned this afternoon by the British ambassador in Tokyo, Sir Michael Wilford, as suitable for sale to Japan. Speaking at the opening of an exhibition of British aerospace products at the British Exports Market Centre, Sir Michael said the others were the BAC One-Eleven, in the 670 version designed for 1,100 metre runways, the Short Skyvan, already purchased by MSA but with the possibility of further orders, and the vertical take-off Harrier.

Sir Michael hoped that purchases of one or more of the four would contribute to reducing the UK's trade imbalance with Japan. The president of the Society of British Aerospace Companies, Mr. R. F. Hunt, referring to long sales negotiations with Japan, said the time had come "when we could all benefit from some real action and decision."

One of Japan's dilemmas in ordering aircraft appears to be to apportion orders between various countries seeking to reduce their Japanese trade imbalances rather than putting all its eggs in one basket. Thus Toa Domestic Airways, the probable customer for the BAC One-Eleven, goes ahead with the dozen or more aircraft in which it is reported to be interested, the MSA would probably refrain from buying the Coastguarder. Both aircarft are competing with products from Fokker, of Holland, another country beset by a Japanese trade imbalance.

Japan will cut tariff levels to 'single digits'

BY DOUGLAS RAMSEY

TOKYO, May 15.

JAPAN AND the US have "no agreement on the specific basis for calculating tariff protection," but Japan will certainly lower its average tariff barrier to "single digit" levels at the conclusion of cuts resulting from the Tokyo round of Multilateral Trade Negotiations. Mr. Reishi Teshima, the new director-general for economic affairs at Japan's Foreign Ministry, said today that tariff cuts will be high on the agenda of Mr. Nobuhiko Ushiba, the External Economic Affairs Minister, when he goes to the US on May 24 for talks with Mr. Robert Strauss, the US special trade negotiator.

The US is pressing Japan to cut its tariff wall to the same level as the US is offering in the Tokyo round talks—4.14 per cent average protection by the concluding year of tariff cuts (probably 19[illegible]). Mr. Teshima, talking to the foreign Press this afternoon, said it is impossible to compare US and Japanese tariffs without first agreeing on a basis for calculation—an exercise not yet done. But he confirmed that Japan would work to bring down tariffs (on average) to under 10 per cent.

The Japanese offer in Geneva, as it stands, would reduce average tariffs on industrial items by 42 per cent on a "bound" basis, i.e., from 1972 tariff levels. But American negotiators (as well as the EEC) have insisted that the "real" impact would only amount to an 18 per cent. reduction from tariffs actually applied now.

Mr. Teshima and other Japanese officials have expressed willingness to consider further cuts, and sources say high on the list for consideration are the American demands for eliminating or greatly reducing the tariffs on computers and colour film. (Partial cuts were made in these tariffs as part of the autonomous package of advance cuts made in March in response to foreign pressure, notably from the the US and the EEC.) "We are trying to think of US interests," Mr. Teshima said today, "but we must also look at the interests of others."

Replying to a question on the pending suit in US courts lodged by Zenith Corporation and aimed at labelling Japan's rebate of commodity taxes as unfair export subsidies to Japanese exports, Mr. Teshima insisted that the rebates "are in strict conformity with the regulations of GATT. If the ruling went in Zenith's favour, I am afraid there would be a mess," he commented.

Definitive EEC cheap steel duty

By Roy Hodson

THE EEC Commission's policy of defending the Community steel market against cheap imports was taken a stage further yesterday with the imposition of a definitive anti-dumping duty against Bulgarian iron and steel coil imports. A provisional duty had been in force.

The rate of duty will be variable and is designed to bridge the difference between the import price of a consignment and the basic price published by the European Commission, the Department of Trade explained. However, duty will be reduced to the extent that the importer satisfies customs that an import price is lower than basic because the goods are inferior.

The action against Bulgaria is the latest in a series of EEC moves against cheap foreign steel started by the Davignon plan for protecting the EEC steel industry, which came into action at the beginning of this year.

On May 3 definitive duties were applied against some products from South Korea, Bulgaria, Romania and East Germany, to replace provisional duties.

Norway import tax on vehicles

By Fay Gjester

OSLO, May 15.

NORWEGIAN IMPORTS of agricultural tractors and highly priced cars will be affected by two new austerity measures announced at the weekend. A secret meeting of the Storting (Parliament) agreed on Friday to impose a special luxury tax on cars costing more than NKr 70,000 (£7,000) and a 20 per cent import tax on tractors.

The measures have the double aim of reducing non-essential imports, in view of Norway's heavy trade and payments deficit, and increasing State revenue.

Tractor imports have recently risen steeply in Norway, reflecting the farmers' new prosperity after favourable incomes settlements in the past few years. Mr. Kleppe told the Storting he had appealed to farmers to curb their purchases of new tractors, but without result. Tractor imports last year had reached NKr 430m., compared with only NKr 300m. a couple of years previously.

The extra tax on cars is expected to further reduce imports, already badly affected by rising prices and severe higher prices restrictions.

Ministers meet metal group as tour begins

Financial Times Reporter

A 15-strong Chinese steel mission spent yesterday in London with Government Ministers. They met Mr. Edmund Dell, the Trade Secretary, Mr. Gerald Kaufman, the Department of Industry Minister responsible for steel, and Mr. Leslie Huckfield, of the Department of Industry, who was host to the delgates at a reception last night.

The mission follows a recent visit to China by Sir Charles Villiers, chairman of British Steel. The overseas arm of the corporation—British Steel International—is hoping to secure valuable steel plant orders arising from the Chinese plan for a big expansion in iron and steelmaking.

The Chinese mission is made up of 14 men, vice-ministers and senior officials, and one woman, Madame Ning Yu, an economic engineer of the Chinese Society of Metals.

During the visit the Chinese mission will meet the Metallurgical Plantmakers Federation; the British Independent Steel Producers Association; Davy International; First Brown; Osborn Steels; and GEC Electrical Projects.

● The Chinese Government is sending a 21-man mission to look at agricultural mechanisation in the UK from May 25 to June 12 in response to the invitation issued by the British Agricultural Engineering Mission to China in 1977. The Chinese group will also visit Italy, France and Denmark.

● China's 1978 spring trade fair at Canton came to a close on Monday with a record volume of export transactions, according to Peking's Hsinhua News Agency, AP-DJ reports from Tokyo. No sales figures were given.

China trade increases by 8% compared with 1976

BY COLINA MacDOUGALL

CHINA'S WORLD trade reached $14.3bn last year, 7.8 per cent above 1976 with a balance in Peking's favour of $1.4bn. The balance, with the previous year's estimated surplus of $1.2bn, has greatly improved China's foreign exchange reserve.

The estimates, made by the Japan External Trade Organisation, JETRO, in a report based on a study of China's trade with 45 leading partners, put Peking's exchange last year at the second highest figure in its history after the $14.6bn in 1975.

Steady growth is expected in the current year, particularly in imports. Among exports, oil is expected to expand, although prospects for agricultural and textile products are limited.

In the July-December period last year, JETRO reports, China's imports recovered impressively after a decline in 1976 and the first six months of 1977, rising by 7.3 per cent. in the whole year over the previous 12 months. Exports rose by 8.2 per cent over 1976, largely because of increased oil sales and the general rise in export prices.

JETRO named four main features of China's import trade last year as the recovery of purchases of iron, steel and fertilisers, big food imports, purchases of cargo ships and the continued slump in Chinese buying of machinery and equipment.

Iron and steel purchases, which account for nearly a quarter of China's imports, reached about 5m tonnes, about half a million tonnes over the previous year. More than half of that came from Japan. EEC steel sales slumped badly at the beginning of last year but picked up when the Chinese placed large orders at the autumn Canton fair.

Fertiliser sales to China last year also exceeded the 1976 volume. Those from Japan almost doubled. However, as prices fell, the value did not rise significantly.

As poor weather had seriously affected Chinese harvests, Peking contracted to buy 11.3m tonnes of grain.

Sugar imports also rose rapidly, probably reaching 1.5m tonnes last year, about three times the estimated 1976 figure.

China bought secondhand ships, 33 between May and September and possibly another 27 by the end of the year. They were in the 10,000-tonne or larger class. In Hong Kong, China bought 16 smaller used vessels.

China's estimated spending on machinery and equipment last year was only $1bn-$1.5bn, despite strong demand for petroleum exploring and drilling equipment. Orders for complete plants fell from $185m in 1976 to about $60m for three plants.

On the export side China did well last year with steady sales of oil and petroleum products and a general rise in prices. Peking shipped 6.53m tonnes of crude to Japan, about 800,000 tonnes to the Philippines, and about 150,000 tonnes to Thailand.

Exports of agricultural products, about 40 per cent. of China's total export trade remained about the same in quantity, but values improved. Japan, with a 12-month total of $3.5bn, still led as China's top trading partner, followed by Hong Kong at $1.3bn (January-October) and West Germany at $726m (January-November). The rest of Europe was displaced by Canada, Australia and the U.S., while Brazil, with a 23.4-fold increase (mainly in Brazilian imports) has spectacularly overtaken some traditional partners.

Leyland £6m bus contract

Financial Times Reporter

A £6m ORDER from the Copenhagen transport authority has been won by Leyland-DAB, the Leyland Vehicles wholly-owned bus building subsidiary in Denmark. It entails 110 complete buses with Leyland engines and a further 40 bodies to be mounted on a new Scania chassis.

The Leyland buses will be mid-engined with Leyland 690 turbocharged engines and Voith S51 automatic transmissions.

First market entry backing

Financial Times Reporter

THE FIRST agreement for assistance under the British Overseas Trade Board's Market Entry Guarantee Scheme (MEGS) has been signed with Osro, of Hemel Hempstead, manufacturers of metal and plastic finishing machines.

Osro believes it can build up sales in the US over the next three years. It expects sales of more than £2m a year by the early 1980s. The scheme will contribute towards costs of offices and staff.

The scheme, announced in January, is aimed at helping smaller and medium-sized UK manufacturers to develop new export markets. It contributes half the eligible overhead costs of entering the new market and the contributions are recovered with a commercial rate of return through a levy on sales.

MIDDLE EAST DEVELOPMENT

Aqaba's bid for the tourist market

BY RAMI G. KHOURI, IN AQABA

JORDAN'S SUNDRENCHED but sleepy southern port resort of Aqaba is on the verge of a long overdue breakthrough into international tourism. A series of events this month have emphasised what local residents and government officials have long known: that Aqaba has the potential to become an important tourist centre.

Its development has been stunted by lack of adequate facilities, mainly hotels, and for water sport and leisure, as well as high prices compared with its more robust competitor a few kilometres across the northern tip of the Gulf of Aqaba, the southern Israeli port-resort of Eilat. But Aqaba appears to be snapping out of its stupor.

The attractions for businessmen will be as great as those for tourists. Current development projects in tourism alone will probably translate into business worth at least $400m or $500m.

Other projects to develop the port and town from its present base of some 20,000 people will also mean business opportunities of another $500m, including several industrial projects tucked away in the folds of the mountains well away from the residential and tourist zones.

Some local voices have questioned whether Aqaba can be developed simultaneously as a port (Jordan's only one), a growing urban centre, a tourist city and an industrial centre for the southern region. The jury is still out on that one, but the Government, after many years of hesitation, appears determined at last to make a determined effort towards that.

A prominent European holiday tours company, Tjaereborg of Denmark, is about to complete plans to fly into Aqaba back-to-back, twice-a-week groups of up to 600 tourists a week. The key to Aqaba's breakthrough into the international market hinges on coming up with attractive prices for the package tours, which means securing competitive prices from the Aqaba hoteliers above all.

Agreement on flights has been reached with the Jordanian airline Alia and Sterling Airways, a Tjaereborg subsidiary, and completion of the package would mean that half the town's existing 500 hotel rooms will be booked for the entire year. The aim is to start the tours next November and the Danish company is preparing an international marketing programme.

The relative lack of sophisticated tourist facilities will start being remedied soon as two big development projects get under way this year.

The Canadian company Genstar is shortly to hand in its feasibility report about building a giant, 1,400-bed, four-hotel complex based on an inland lagoon and marina and covering 250 hectares in all, at an estimated cost of more than $250m. Informed sources here say the project will get a go-ahead with the idea of building in stages, and adding on future facilities as tourism at Aqaba picks up in tandem with the start of group tours, primarily from Europe.

The World Water-Ski Federation, meeting at Aqaba last month, decided to sponsor an international water-ski competition scheduled for the end of this month, and local authorities hope that a second water-ski festival in November will also become an annual event on the international circuit.

The other major development will gather momentum when the Government invites international consultants this month to submit bids on drawing up a master plan for the 20km southern coastal strip.

Official sources say the government is determined to come up with a final master plan for the southern strip after commissioning at least two similar studies during the past 10 years.

A further state-initiated effort just set in motion is to redevelop the northern beach site of the existing Aqaba Hotel. Grand Metropolitan Hotels International is providing initial suggestions, with tourist officials indicating expectations of building a large new hotel at a cost of some $20m. Grand Metropolitan is also eyeing involvement in the lagoon project and the southern strip development.

Until the new facilities are built, water enthusiasts at Aqaba can use two newly opened water sports and leisure centres, providing equipment for everything from deep-water diving to paddle-boating.

Aqaba's attractions include superb corals, clean, cool waters, and quick access to Petra and Wadi Rum. Its potential has always been far ahead of its performance. But now many of the pieces of the puzzle are falling into place after many years of talk, unfulfilled expectations and unexecuted plans.

هكذا فتى الأهل

"I promise, plain English and no tiresome jargon."

Brian Richardson, General Manager, Provident Mutual.

Up till now life assurance and Ovaltine have had one thing in common: they are two very effective ways of putting people to sleep.

The reason? My guess is that life assurance has been grey and confusing to too many people for far too long.

So I'll make no bones about it; we're going to blow the cobwebs out of life assurance.

We're going to eliminate all the gobbledygook and blather.

Our first step has been to produce this 96 page illustrated book called "Safety in Numbers." In plain and entertaining English it tells you everything you should ever have to know about the complicated business of life assurance.

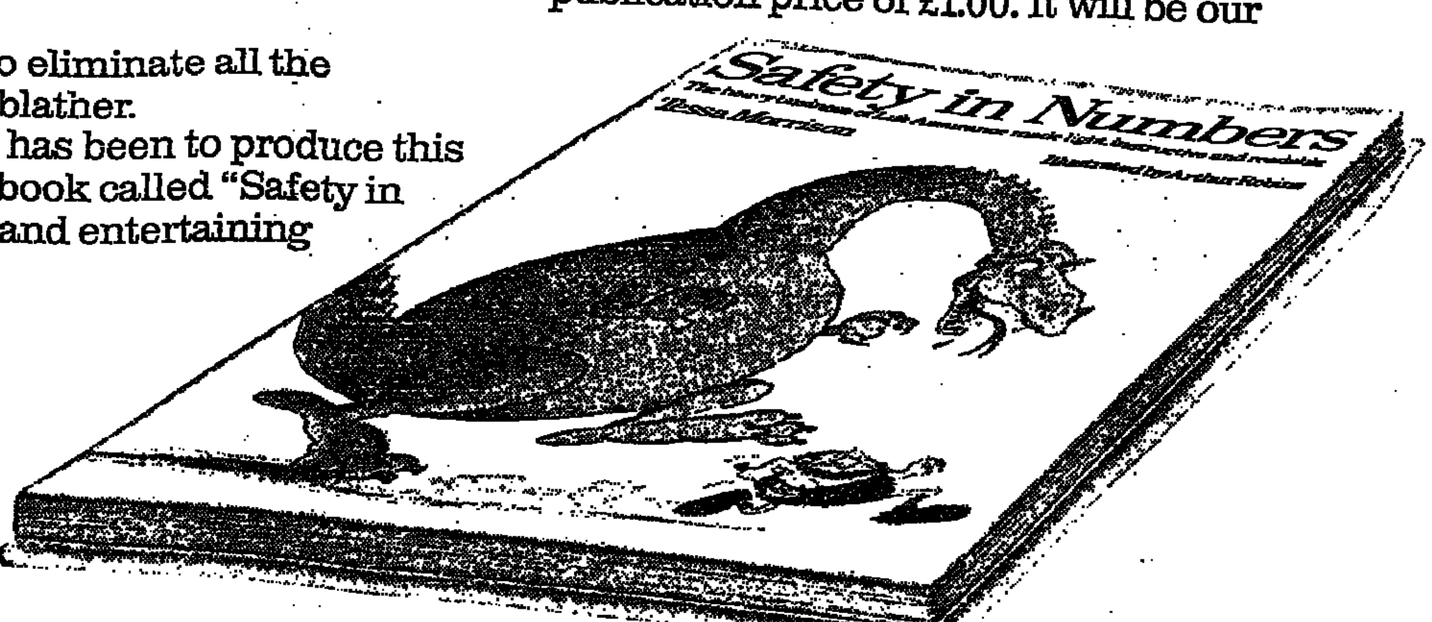
It will be published during July by Hutchinsons, and will be available through leading booksellers at £1.95.

At present we have a limited number of advance copies at a special pre-publication price of £1.00. It will be our pleasure to send you one.

Just send £1.00 (which includes packing and postage) together with your name and address to Provident Mutual (Marketing Department), at the address below. In the meantime, if there's anything else we can do to help, call us.

We won't call you.

You'll find us approachable, friendly, and remarkably unstuffy.



PROVIDENT MUTUAL

We talk your language.

Provident Mutual Life Assurance Association · Founded 1840. 25-31 Moorgate, London EC2R 6BA. Tel: 01-628 3232.

Ocean Transport sells 14 ships

By Ian Hargreaves, Shipping Correspondent

THE BIG Liverpool-based shipping company, Ocean Transport and Trading, has sold 14 ships so far this year, in spite of the continued depression in second-hand values.

Sir Lindsay Alexander, the company's chairman, yesterday pointed to the slump in second-hand ship values as one of the reasons why Ocean was expecting a "very consderable reduction" in profits this year.

Ocean had a pre-tax surplus of £39m. in 1977.

The company declared its intention earlier this year of disposing of up to 10 ships and reducing the number of officers employed by 5 per cent.

Mr. David Hardy, finance director, said last night that the extra sales had been dictated by the unexpected availability of buyers and, in the case of the sales of two six-year-old bulk carriers, a slight re-positioning of Ocean in the bulk transport market.

The company was taking advantage of exceptionally low charter rates to charter in more modern and faster tonnage to replace some of the vessels which had been sold.

He said he did not expect there to be any further sales this year.

Twelve of the vessels sold are older cargo liners, which are due to be replaced as new ships from Ocean's fleet renewal programme become ready in the next 18 months. The two 26,000 dwt bulk carriers sold were Achilles and Agamemnon—the latter for a reported $4.4m (£2.4m).

Sir Lindsay's statement, Page 32

Big increase urged in fines for sea safety breaches

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

PENALTIES FOR breaches of maritime safety laws by British ships would be increased to a maximum of £1,000 from £100 at present under proposals contained in a White Paper and draft Bill published yesterday.

It is clear there will not be parliamentary time for the Bill this session. The Government's decision to publish it is very much an earnest of good intention in response to public concern about oil tanker safety after the Amoco Cadiz and Eleni V spills.

British accession to a number of international conventions on pollution prevention is also dealt with.

Action

Yesterday also saw the formal launch of Mancheplan, an Anglo-French plan of action in the event of marine disasters. It provides for co-ordinated rescue and anti-pollution resources on both sides of the Channel.

It was decided at a meeting in Paris at the weekend to set the plan in action officially, although it has been partly effective for some months.

The Paris meeting also agreed to look at yet another traffic separation scheme for the Channel. This scheme, involving a continuous 200-mile lane system, has been proposed by Trinity House. It will be studied by the interested governments.

Initial reaction to the plan, which will be made public later this week, is that it contains a large number of practical difficulties.

The main provisions of the Bill published yesterday are for British ratification of the International Conventions on Pollution Prevention (1973), the protocol to that convention agreed in London earlier this year and aother 1978 protocol to the 1974 Safety of Life at Sea Convention.

These measures will, when ratified by enough countries, give effect to the important changes agreed in February by a conference of the United Nations maritime agency, IMCO.

These changes include compulsory segregated ballast tanks for new crude oil tankers over 20,000 deadweight tons and more effective oil cleaning systems for existing tankers.

A requirement for twin steering systems for new tankers is included, although IMCO is reviewing this provision because the regulation proposed would not rule out faults of the kind which left the Amoco Cadiz without control of her rudder and led to her grounding.

These measures have been costed at £550m for the world fleet and are intended to be in force by 1981. Britain should have no problem in meeting this deadline, but it could face embarrasment in being unable to ratify the Safety of Life at Sea protocol, which stiffens the rules on ships' navigational equipment and on anti-explosive devices for tankers.

The U.S. is applying strong pressure for this protocol to be adopted by mid-1979.

Convention

When the Bill becomes law Britain will be able to ratify an international convention increasing the maximum compensation payment payable in the event of an oil spill to £39m. This, the Fund Convention, will make little practical difference as the scheme is almost exactly matched by an interim private oil companies' compensation fund, CRISTAL.

Britain's pilotage systems is also overhauled in the Bill, which will set up a new Pilotage Commission, with advisory and supervisory functions. At the same time compulsory pilotage will become the norm at British ports, although access to pilotage certificates will be made easier.

Reforms are also planned to prevent ships' masters being able to fine seamen for breaches of discipline—an on shore disciplinary committee system will be substituted—and to apply to the marine world the type of inspection provisions for factories contained in the Health and Safety at Work Act.

The Government admits that difficulties in recruiting inspectors make any increase in the inspectorate's duties problematic.

The Bill proposes strong penalties for unauthorised possesion of liquor on fishing boats.

* *Action on safety and pollution at sea: New Merchant Shipping Bill. SO £1.35.*

Fishing rods joint venture

Financial Times Reporter

THE FIRST joint manufacturing venture between a Scottish and a Japanese company was inaugurated with the formal opening of the Daiwa Sports fishing rod factory at Wishaw in Strathclyde.

The company, registered last year, is owned 50-50 by the leading Japanese fishing tackle manufacturers, Daiwa Seiko, and Grampian Holdings, the Glasgow-based manufacturing and construction group.

The Wishaw factory, which employs 90 people, is producing about 1,000 glass fibre rods each week, some for export to Holland, Belgium and Portugal.

Plans are already in hand to extend the factory to cope with demand, particularly from the EEC, and also to extend its production into the new carbon fibre rods.

The plant is also Daiwa's UK service sector for its full range of rods, reels, nets and other items of angling equipment.

Daiwa Sports is managed by a Scottish team under Mr. Archie McCuan, director and chief executive. The only direct Japanese involvement has been the secondment of technicians to train the labour force, many of whom are local school-leavers.

The joint venture came about after a long-established UK marketing arrangement between Daiwa Seiko and Grampian Holdings' sports subsidiary, Hillard Bros.

The Tokyo-based firm has other overseas manufacturing facilities in Taiwan, South Korea and the U.S.

Loan curbs hit hopes for house building revival

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A MARKED improvement in private housebuilders' confidence about prospects for this year was recorded in March, just before the Government called for mortgage lending restrictions.

Returns made to the Department of the Environment by builders suggest that they were expecting to start about 165,000 new homes in the private sector during 1978. When they were last asked for their forecasts, in November 1977, they expected starts to reach 150,000.

In 1977 housebuilders began work on just under 135,000 private sector housing units, the lowest annual total recorded since 1974 and one of the worst in a decade. If their expectations for 1978 are met, it would be the best year in the private sector since 1973.

There is now widespread concern, however, that the expected revival in new housing output will be seriously undermined by the cuts in mortgage lending imposed on the building societies since April and which now look likely to continue well into the second half of the year.

The housebuilders' increasing output and gradually returning confidence have been brought about by a more buoyant housing market, in which prices have begun to rise and profit margins have been improving.

The Government's decision to impose a ceiling on building society advances because of fears over rapidly rising house prices has been the centre of controversy among the societies and the housebuilders ever since it was made known.

Both groups feel that the Government acted too hastily and that Ministers and officials have not given sufficient thought to the longer-term effects of their intervention in what is generally recognised to be a complex market.

The House-Builders Federation now believes that, despite the optimistic outlook portrayed in the March inquiry, output will inevitably reflect the uncertain mortgage finance situation. There is some doubt if even the 150,000 starts figure originally expected this year will now be met.

Eleni V action discussed

By Paul Taylor, Industrial Staff

THE OWNERS and insurers of the wrecked Greek tanker Eleni V met Department of Trade officials and salvage experts in London yesterday to discuss what to do with the tanker's bow section and the 2,000 tons of heavy fuel oil it contains.

Last night the tanker's remains were being held in position about five and a half miles off Lowestoft by two tugs. Salvage workers managed to tow the wreckage away from the coastline late on Sunday night.

The scrap value of the hull and the possible £80,000 value of the remaining oil are not thought to make the Eleni V a commercial salvage proposition.

Although salvage experts and Government officials are understood to favour dumping the wreck in the Atlantic this is thought to contravene an international ban on dumping at sea.

Yesterday Captain Tony Oakley, managing director of United Towing (Marine Services) suggested the hull could be "dry docked" in a Scottish basin used to construct the Brent Sea oil platform.

One of the problems facing any proposal to remove the oil cargo is the treacle-like consistency of the oil. It needs to be heated to about 150 degrees Farenheit before it is fluid enough to be pumped ashore.

£3.25m package to improve dockland

By Paul Taylor, Industrial Staff

MR. PETER SHORE, Environment Minister, yesterday approved a £3.25m. package of projects under the expanded urban aid programme for London's dockland partnership area.

A further £15m. has been allocated over each of the three years from 1979 to 1982 to help solve inner area problems. These were identified in the Dockland Strategic Plan in 1976.

The projects for 1978-79 are mainly for improving recreational and community facilities in the docklands, but £432,000 has been set aside for improving roads and £300,000 for preparatory work on a factory site in Greenwich.

Altogether 65 projects were put forward by voluntary organisations—which suggested schemes valued at £413,000—and by the partnership authorities

Falling demand cuts sales of specialist engineers

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

SP INDUSTRIES, the British Leyland subsidiary which is the UK's seventh-largest specialist engineering group, has cut its sales target for 1978 from £261m to £250m in the face of continuing depressed demand.

However, the group still expects to achieve a profit before interest and tax of £17m, said Mr. David Abell, managing director, when reporting first-quarter results to employees yesterday.

In 1977 SP, formerly known as Leyland Special Products, made a profit of £12.1m on sales of £198.7m.

In the first three months of 1978 sales reached £57m, up 10 per cent on the same period a year ago, while profit before interest and tax was £3.5m, a drop of 33 per cent but just ahead of the £3.2m target.

SP's problems stem mainly from the "appalling" market conditions faced by its construction equipment division (Aveling-Barford, Aveling Marshall, Barfords of Belton and Goodwin Barsby) and Prestcold, the commercial refrigeration offshoot.

The star performer in the first quarter was Coventry Climax, SP's forklift truck business, although Self-Changing Gears, Alvis (military vehicles) and Nuffield Press subsidiaries also did well.

Capital spending at £2.8m in the three months was up by 12 per cent on 1977's first quarter and the group hopes to achieve the budgeted target of £20.2m.

Order books improved by 7 per cent if Alvis was excluded in the usual way. Including Alvis, which recently won £50m of overseas orders for the Scorpion light tank and its variations, orders were 32 per cent ahead during the quarter.

Mr. Abell described the results as "only a moderately encouraging start to 1978," but pointed out that the profit achieved was better than in the last two quarters of 1977.

At the pre-tax level, SP's first-quarter profit was 16 per cent ahead of target at £2m but 54 per cent below the comparable 1977 total of £4.1m. Interest of £1.6m was paid in the three months.

German gearboxes option on heavy Leyland trucks

BY STUART ALEXANDER

LEYLAND IS to offer German gearboxes on its heavy trucks later this year. Talks have been held with ZF, which is based at Friedrichshafen, in southern Germany, and a preliminary order is to be placed soon.

The gearboxes will not be a standard fitting but an option alternative to the Eaton/Fuller boxes now fitted. The trucks will be over 16 tonnes gross vehicle weight. About 5,000 of the 9,000 produced by Leyland each year could take the ZF.

A Leyland spokesman said yesterday that he anticipated "significant demand" for the ZF boxes, particularly on those models sold in mainland Europe, where they would improve "Leyland's acceptability."

Leyland has been considering the move for some time but has had to delay a decision while other factors were considered. Among these is an expansion of Leyland's own gearbox manufacture at its Glasgow Albion plant and the expected rationalisation of the many models in the heavy truck range. The boxes would be suitable for the new range of trucks.

Sales of the gearboxes will be handled through ZF's UK sales office. They will be either five or six speed, normally with a splitter which, like an overdrive, gives an intermediate ratio over or below each main gear ratio. The boxes will cover engine output between 200 and 350 brake horsepower.

A spokesman for Eaton said last night it was normal practice to offer alternative gearboxes when developing a new range of trucks.

He added: "It is a matter of pride to Eaton to remain the principal outside supplier of heavy and medium duty gearboxes to Leyland."

Eaton produces gearboxes for Leyland at both Basingstoke and Manchester.

Manufacturers probe liability for defects

By Our Consumer Affairs Correspondent

BRITISH manufacturers are to form a committee to try to establish a single industry view about who should be responsible for defective products which cause damage.

The move follows a meeting held in response to an invitation from the British Rubber Manufacturers' Association.

More than 30 associations are to be represented on the committee which has been asked to complete its report by the end of next month. The Government has already indicated it favours a move towards imposing stricter liability on manufacturers than exists under the present law.

The BRMA said yesterday that the associations represented on the committee recognised that some modifications to the existing law were desirable in order to give consumers the opportunity of redress against manufacturers of products which were genuinely defective. They were, however, anxious to avoid the problems which the acceptance of strict liability had produced in the U.S.

Domestic appliance sales down on last year

BY MAX WILKINSON

DEMAND FOR domestic appliances in the UK declined in the first three months of the year compared with the same period last year.

Mr. Michael Colston, chairman of the Association of Manufacturers of Domestic Appliances yesterday called on the Government to take measures to stimulate demand in this depressed sector of the economy.

Mr. Colston was opening the International Domestic Electrical Appliance Trade Fair in Birmingham. He said: "Much more dynamic measures are needed to rectify present trends, and if the market for appliances is to show any real improvement then the consumer must be convinced that the economic climate is generally improving. A relaxation of punitive VAT levels and of hire purchase restrictions are most likely to achieve this result."

Mr. Colston said the depressed demand in the first quarter of the year was partly due to restocking by dealers. However it followed a poor level of demand in 1977, when the expected recovery of the market failed to happen.

He said: "The level of profitability in the industry is far too low.

Since the Government had singled out the domestic appliance industry as one of five sectors for priority treatment, he was particularly disappointed that the differential rate of VAT levied on domestic appliances had not been abolished.

Mr. Colston told his audience: "No less than 9m housewives who go out to work start their second job of the day in the home when most of us have got our feet up.

"With a General Election looming, the Chancellor will ignore those 9m votes at his peril."

George III commodes set a record price

SALEROOM

BY ANTONY THORNCROFT

AN AUCTION record price for a single lot of English furniture was paid yesterday at the start of the three-day sale by Christie's of the contents of Childwick Bury, St. Albans, the home of Mr. H. J. Joel, the bloodstock breeder whose horse Royal Palace won the 1967 Derby. Mr. John Floyd, Christie's chairman, knocked down a pair of George III mahogany commodes attributed to William Vile for £95,000 to Mr. Robin Kern of Hotspur, the London dealers, who were buying on behalf of a private collector.

The previous highest price for a lot of English furniture was for the Harewood House writing desk by Thomas Chippendale was sold by Christie's in 1965 for £43,050.

The morning sessions consisted of Mr. Joel's superb English furniture, among which was another George II commode attributed to William Vile which went to Partridge Fine Arts for £38,000. Mid-18th century Chinese mirror pictures sold for very high prices. One was bought by Hazlitt Gooden and Fox for £40,000, and another pair of the same period went to the same buyers for £20,000. Two other mirror paintings were sold anonymously for £28,000.

There were many fine chairs in the sale, a set of 10 George III dining-chairs in the Chippendale manner selling privately for £12,000, while Blairman bought a set of four George I dining-chairs for £10,000.

There was also a record at Sotheby's when a copy of "Les Liliacees," by Redouté, sold for £36,000, plus the 10 per cent. buyers' premium. It was bought by Burgess, the Londo ndealer, at a new auction high for the artist. The eight volumes contain 486 plates.

The printed book sale totalled £193,202.

Visible trade surplus improves

THE VISIBLE trade account improved by £506m after the erratically large deficit of £270m in March.

Export volume rose by four per cent to just short of the record level set in February.

However if "erratic items," mainly diamonds, are removed the underlying increase was only 0.75 per cent.

The main reason for the improvement was the 11.9 per cent drop in imports on both an adjusted and unadjusted basis.

The rise in March of the three items which had caused the deficit — fuels, semi-manufacturers and essential materials —was more than reversed in April.

BALANCE OF TRADE

		Exports £m seasonally	Imports adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m
1976		25,422	28,932	109.9	105.5	98.9	−3,973
1977		32,176	33,788	118.9	107.0	100.7	−2,804
1976	1st	5,655	6,198	106.2	100.3	99.8	−947
	2nd	6,171	7,080	109.9	106.0	97.9	−968
	3rd	6,499	7,596	110.0	108.3	98.7	−1,058
	4th	7,097	8,058	113.5	107.3	97.3	−1,080
1977	1st	7,502	8,449	115.7	109.1	99.0	−800
	2nd	7,930	8,694	118.0	109.8	100.3	−745
	3rd	8,540	8,486	124.1	106.4	101.0	−602
	4th	8,204	8,159	117.9	102.6	102.4	−657
	Nov.	2,668	2,600	115.3	98.4	102.4	−154
	Dec.	2,780	2,856	118.9	108.1	103.1	−275
1978	1st	8,454	8,974	120.5	113.6	104.9	−646
1978	Jan.	2,625	2,957	112.3	114.3	105.4	−236
	Feb.	2,999	2,917	127.9	110.1	104.8	−202
	March	2,830	3,100	121.4	116.4	104.7	−208
	April	3,004	2,768	126.3	102.6	104.0	−115

* The ratio of export prices to import prices

Source: Department of Trade

هكذا فنى الأجيال

HOME NEWS

Occidental transfers chief to Canada

BY RAY DAFTER, ENERGY CORRESPONDENT

ONE OF the leading executives in the North Sea oil industry, Mr. Robert MacAlister, president of Occidental International Oil, is being moved to Canada following his recent criticism of British National Oil Corporation and Government oil policies.

Mr. MacAlister, who was yesterday visiting Canada, will swop jobs with Mr. Douglas Ratcliffe, president of Canadian Occidental Petroleum. It is expected that Occidental will make an official announcement about the move later this week.

The impending departure of Mr. MacAlister is seen by the UK offshore industry as a major blow to North Sea exploration and devolpment. He is one of the most oppular and respected executives in the industry. He is also one of the most experienced, having been largely responsible for the discovery and development of the Occidental group's Piper and Claymore fields.

Fairness

His move has not come as a surprise, however, following his outspoken comments in a letter to staff in which he said it was the unpublicised objective of the Socialists to use the State oil company to put private oil groups out of business in the UK offshore sector. He also claimed that BNOC's activities were hindering the pace of oil exploration.

Publicity about the letter—caused a stir among Occidental's top management in the U.S. and subsequently Dr. Armand Hammer, the group's chairman and chief executive, rebutted the remarks.

Dr. Hammer said last week Mr. MacAlister's views were not shared by the company's top management. BNOC, he said, had done an excellent job. Bearing in mind the organisation's workload it was not surprising that there had been some delays.

The Government, had treated Occidental with fairness over State participation. Furthermore, Occidental's relations with the Department of Energy were cordial and professional.

Dr. Hammer said Mr. MacAlister was a "strong-minded and valuable" man. "When strong characters like this deliver an opinion you are not usually left in doubt as to what it is."

Mr. MacAlister wrote his message to staff following earlier criticisms of BNOC by another oil executive, Mr. George Keller, vice-president of Standard Oil of California, the parent of Chevron which is developing the Ninian Field alongside the State corporation.

Mr. Keller had said during a television programme that BNOC was an albatross around the neck of the oil industry. It was frustrating exploration and development while making no positive contribution to the British economy.

It was in a letter to staff, explaining the background of that television programme, that Mr. MacAlister made his own criticisms.

£16m. project at Shetland airport

BY KEVIN DONE

THE CIVIL Aviation authority is pressing ahead with the speedy £16m development of Sumburgh Airport in the Shetland Islands to meet the mounting demands of oil and gas exploration in the area.

The principal contract worth £7.4m. has been awarded to COSTARC, the Costain Civil EngineeringAmey Roadstone Construction joint venture.

The development, which follows the recent planning approval granted by Shetland Islands Council, comprises a new terminal, a helicopter landing strip, a new parking apron for up to 20 S61 helicopters and an extension to the fixed wing parking apron for three more aircraft of the Viscount/HS748 type.

New taxiways and roads will also be built to extend the existing airport network.

The scheme, which will bring spending by the Civil Aviation Authority at Sumburgh to about £30m. in five years, is designed to bring much-needed relief to the present airport, which has been hard-pressed to cope with the growth in oil-related traffic.

The contract for the construction of the new terminal building has been awarded to G. P. TRENTHAM (Edinburgh). It should be completed by next summer.

The Costarc contract covers the helicopter runway, aircraft parking areas and access roads.

The works have already started and should be completed by January next year. Costarc has been awarded £18m worth of development work at the airport in the last three years.

*

KERRIDGE CONSTRUCTION hos been awarded two contracts together worth more than £2m. One is for 35 flats and three shops at Downing Close, Ipswich, at £462,000, for the Borough Council. The other, for 171 dwellings using frameform design for the City Council at St. Faith's Foad, Norwich, worth more than £1.5m.

Call to cut BNOC's advisory role

BY RAY DAFTER AND SUE CAMERON

THE BRITISH National Oil Corporation should be revamped and many of its functions transferred to the Department of Energy, a senior oil analyst told a Financial Times conference yesterday.

Mr. Robert Norbury, a partner in stock brokers Wood Mackenzie, said that the state corporation should be told to concentrate on its commercial operations. It should be stripped of most of its advisory and regulatory functions.

BNOC could provide information about reserves, consumption and future production levels in much the same way as British Petroleum and Shell responded to requests from Government at present.

Mr. Norbury was talking about the City assessment of the oil corporation at the conference in London on the North Sea and its economic impact.

"Such moves would strengthen the role of the Department of Energy in implementing the policies of the Government of the day—at the same time BNOC's management would be able to develop their undoubted skills for the benefit of the nation working alongside the private sector in a feeling of mutual trust and co-opeartion."

Mr. Norbury accepted that in its two and a quarter years of life, the corporation had establissed "some considerable expertise."

An asset

It had the nucleus of a most useful national asset. BNOC clearly had a major role to play if the country was to maximise the benefit from the North Sea's huge and valuable resource.

The corporation was also establishing itself as a major crude oil trader. By the 1980s it could be disposing of 1m. barrels a day.

"When one considers that BP, one of the largest crude oil sellers in the market is currently selling some 1.5m. barrels a day worldwide and the Royal Dutch/Shell Group has crude oil sales of around 700,000 b/d, one can see the huge position that BNOC will be taking in this market over the next few years."

However, it was difficult to understand the logic in the corporation insisting on selling all of the participation crude to which it was entitled at present.

"BNOC is not buying the oil at a discount but at market prices, and despite being a company with no crude oil trading experience it will soon become a powerful force in the market.

FINANCIAL TIMES
NORTH SEA
The Economic Impact
CONFERENCE

"This in itself could cause a degree of unease among crude traders, and there is the additional possibility that in order to get rid of all its oil, BNOC might offer a small discount."

Mr. Norbury said that the effect of this policy would be twofold: not only would the corporation make a loss, but it would also depress North Sea prices in general. As a result, the revenues of the companies and the Government from the North Sea would be reduced.

The allocation of exclusive licences to the corporation and the insistence that it should have the right to be involved in any purchase or sale of licences were also questioned by Mr. Norbury. Exploration and production activity could well be delayed.

"Despite the massive build-up of BNOC resources since its formation, it now has some 850 employees of whom 450 are professional.

"It is going to be a long time before the Government-owned corporations can match the capability of the largest operators in the North Sea, never mind the combined forces of the private sector."

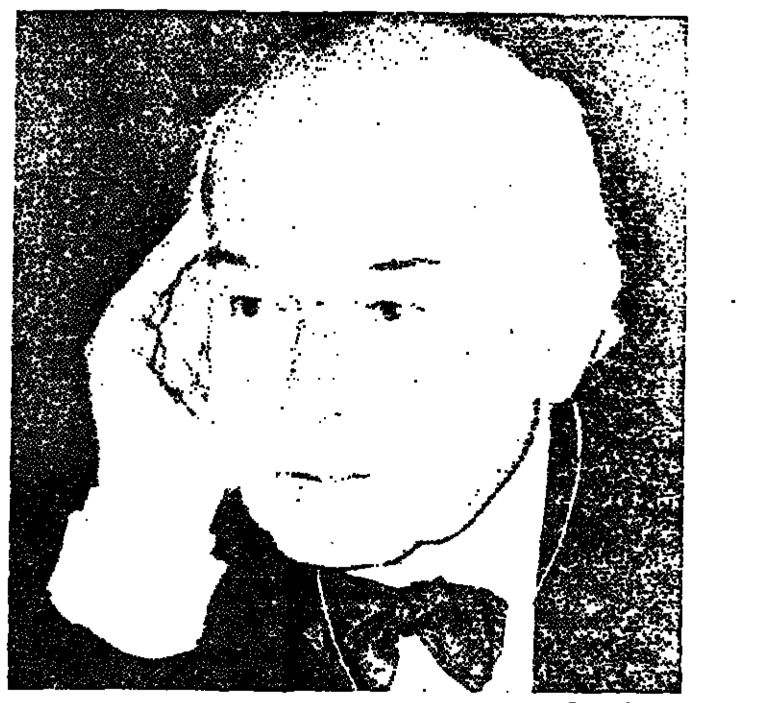
But Lord Balogh, former deputy chairman of BNOC and now its economic adviser, firmly rejected the idea that the corporation had too many functions. He told the conference that its way of working was actually favourable to the oil companies.

While the corporation had been given a 51 per cent. stake in the most recent exploration licences, the state's share in offshore activities was still in a minority position.

He went on to attack the idea that taxation could be an adequate substitute for the existence of a state oil corporation. This was "silly and against the national interest."

"When companies say that money should be extracted through taxation without having a state corporation, they are really saying that they do not want any interference in their book-keeping exercises. These maximise costs and minimise prices."

But Lord Balogh denied that the oil industry was being threatened with indirect nationalisation.



Terry Kirk

Lord Balogh: BNOC favours oil companies.

Protected

Mr. Edmund Dell, Trade Secretary, told the conference that North Sea oil should not be seen as some kind of "bonanza" Self-sufficiency in oil offered Britain valuable security but security could not be turned into cash and distributed to old age pensioners.

It was "curious to describe lost property as a bonanza." He explained that in the short term the U.K. would have been better off it had been able to continue buying oil at pre-1973 prices and had not had North Sea oil with its expensive development costs.

"If there had been a way of avoiding the oil cartel and the oil price increase, if we had been able, to preserve the trend of world trade growth and world economic growth, then our economic prospects would have been better even without the North Sea development."

As it was, North Sea oil meant that the U.K. was now protected, at least partially, from the "political use of the oil weapon."

Mr. Jo Grimond, MP, former leader of the Liberal Party, said there was a danger that pressure would come to put oil revenues into old, unprofitable and declining industries such as steel, coal mining and shipbuilding.

Talking with particular reference to Scotland, he said the money should be used for such things as an extension of training and the building up of new, small scale industries.

Prof. Arthur Whiteman, of Aberdeen University's department of petroleum exploration studies, said that estimates of British oil reserves that might be ultimately recoverable ranged from 20bn barrels to 70bn barrels. The lower figure was a Shell estimate: the higher came from Prof. Peter Odell, a Department of Energy advisor.

"The rapid build-up of British production has produced a kind of public euphoria about North Sea oil reserves," said Prof. Whiteman, speaking on "how much oil remains to be discovered in British waters."

Self-sufficiency for the UK was going to last for only a few years unless more exploration took place, more discoveries were made and new fields were brought o nstream.

Mr. G. H. Ross Goobey, president of the National Association of Pension Funds, said that North Sea oil and gas industry was in an obvious political arena.

This was why pension funds had largely ignored the offshore regime as an investment base.

HOME NEWS

Sacked energy chief praised

By David Fishlock, Science Editor

SIR HERMANN BONDI, chief scientist at the Department of Energy, pays tribute to his predecessor, Dr. Walter Marshall, for the quality of the energy research programme he inherited last autumn, in the annual report of the Department's research.

Dr. Marshall was sacked by Mr. Anthony Wedgwood Benn, Secretary for Energy, last summer to make way for Sir Hermann, formerly chief scientist at the Ministry of Defence.

Introducing the report for 1976-77, Sir Hermann says that he wants to record his "appreciation of the work which has been done to establish a vigorous programme in this area."

The Department spent a total of £28.3m. on energy research and development in 1976-77, the biggest single item being a £17m. contribution to Urenco, the tripartite gas centrifuge enrichment group.

In addition the Department is responsible for monitoring the £107.5m. research programme for the UK Atomic Energy Authority; and the £80.9m. for the nationalised energy industries.

Analyses

Energy research spending covered by the report thus totals £216.7m., compared with the estimate of £240.8m. for 1977-78.

The Department has begun to examine the energy analyses and views of groups which advocate radically different types of energy patterns for the UK than those on which the research programme has been based.

This work, it says, is important in assessing the credibility of such proposals.

It is seen as an essential step in formulating a research and development strategy sufficiently robust to match the uncertainty in the future of energy supplies.

The report defines the five aims of the present research programme as being: 1.—to support efficient exploitation of North *Sea oil and gas resources*; 2.—to extend and exploit the contributions of the energy sources established in the UK; 3.—to contribute to effective energy conservation; 4.—to develop and assess the potential contribution from alternative energy sources; and 5.—to secure the benefits of effective international collaboration.

Report on Research and Development 1976-77. Enery Paper No 28; SO; £1.75.

Budget helps fall in price increase rate

BY DAVID FREUD

THE INCREASE in prices sought by U.K. suppliers fell in April to the lowest level so far this year, according to the Institute of Purchasing and Supply.

The average increase in the institute's price monitor analysis was 7.13 per cent., compared with 7.47 per cent. in March. The institute's figures are compiled from price increase notifications sent to it by a panel of leading buyers. The April drop is in line with the findings of the Price Commission index published last week.

The commission index of price rises notified to it in the six months to April fell to an annual rate of 7.3 per cent., compared with 7.5 per cent. for the six months to March. The total value of increases notified fell from £370m. in the earlier month to £300m. in April.

The commission said the number of notifications fell from 400 in March to 250 in April, and the institute reports a similar trend. "Perhaps the most significant development has been a dramatic fall in the number of price increases notified to buyers," it says.

It attributes some of the hesitancy in applying for price increases to the Budget, but *emphasises that the increases* have been falling steadily through the first four months of this year.

The most notable increases came in the mechanical engineering category, which accounted for almost a third of the notifications received by the institute's panel of buyers. The average increase sought by companies in this sector was nearly 8.5 per cent compared with 5.85 per cent in March.

By business sector the increases were: metal manufacture 9.34 per cent compared with 7.67 per cent in March; metal goods 5.32 (9.1) per cent; electrical engineering 7.24 (8.29) *per cent; chemicals 6.6 per cent;* building materials 5 (4.75) per cent, and miscellaneous 7.33 (7.54) per cent.

Increase in sponsored research boosts Shirley Institute income

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE Shirley Institute, the Manchester-based industrial research association, made a surplus in the year to September 30 of £74,114, Dr. Philip Smith, chairman, reports in his annual statement published yesterday.

The institute, which has recently withdrawn from merger talks with WIRA, the Leeds research group specialising in wool textiles, carpets and clothing, had a total income of £1.313m compared with £1.117m. in the previous year. Expenditure rose from £1.072m to £1.241m.

The main increase in income came from contracts for sponsored research — up from £403,000 to £476,000, a rise of 18 per cent, and from the provision of technical services, up by 13 per cent from £311,000 to £352,000. Income from the Department of Industry through the Textile Research Council also rose from £104,000 to £163,000.

In the present year there is likely to be a continued growth in income but at an insufficient rate to balance necessary spending, so that a small loss could be made, Dr. Smith warns. The institute received permission last year to increase employees' salaries by more than the statutory maximum allowed under Government wages policy after demonstrating that its wage rates had fallen behind those of comparable employers.

Dr. Smith points to the growing divergence over recent years between the Shirley Institute and WIRA as the main reason for braking off merger discussions. Though Shirley itself was originally a purely textile research organisation serving the Lancashire cotton and allied textile industry, it now receives only a small proportion of its total income from this source.

The institute's council had decided as a result that the existing arrangements for co-operation in textile research were preferable to a merger.

Tax bill for student unions up

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE TAXPAYERS' bill for student union activities has more than quadrupled since 1970, according to a discussion document published by the Department of Education and Science yesterday.

Latest indications were that the total public expense of the union subscriptions had risen from £3m in 1970 to £13m in 1976-77, said the document, which proposed a "more accountable" *method of providing the* students' organisations with funds.

In most cases at present, the union subscriptions — which range from 50p a year in some colleges to £50 a year in certain universities — are docked in advance from the students' grants and paid directly to the union at the educational institution concerned.

In most local unions, which are affiliated to the National Union of Students, a proportion of the income is transferred to *NUS funds.*

The Education Department's new proposal for greater accountability is more delicate than the plan of the last Conservative Government to allow individual students more say over how much of their grant should be handed over to their local union. The Tory scheme was opposed by university authorities as well as the NUS.

The latest proposal is to set a maximum of perhaps £20 and a minimum of £1.25 on the union subscription to be automatically paid for each student, in effect as part of the person's grant.

Ruddle's to sell its 38 pubs

BY KENNETH GOODING

RUDDLE'S the Rutland family-owned brewing concern, is to sell its 38 pubs to cope with rising demand from other customers. It expects to make about £1m. from the sale.

Most of the outlets—26—will go to Everards, the Leicester-based company. North Country Breweries, the former Hull Breweries group now owned by Northern Foods, is to buy five pubs located in the Lincoln area.

Ruddle's says its own pubs take only 15 per cent of its beer output—much less than the average brewing group.

Restricted

However, restrictions on effluent disposal by the local authority mean that Ruddle's must restrict output at present to a maximum of 1,400 barrels (403,200 pints).

Ruddle's makes about 46 per cent of gross profit from the "free" trade (non-brewery-owned pubs, clubs and so on), and another 25 per cent from its thriving private label business—it makes own-label beers for groups such as Sainsbury's, Waitrose and Keymarkets.

The take-home beer trade, the fastest-growing sector for the industry as a whole at the moment, accounts for 14 per cent of profit.

Sale of the pubs should be completed by August.

Council 'no' to natural beauty area

ALTHOUGH DESIGNATION of part of the North Pennines as an area of outstanding natural beauty could bring financial benefits, the Cumbria County Council development control committee yesterday voted against the proposal.

The committee had been told that designation might present "an opportunity for infusing some additional investment in the form of grant aid priority."

However, the committee felt that the proposals might sterilise *the land and mean that its ability* to make planning decisions locally would be diminished.

Losses from fire damage up 13% last year

BY CHRISTOPHER DUNN

LOSSES FROM fire damage last year were probably boosted by the firemens' strike, according to the Fire Protection Association, the advisory body sponsored by Lloyds' and leading insurance companies.

Estimated losses from fire last year were £262m., an increase of 13 per cent. over 1976.

The association warned in this year's annual report about the growth in fires started by young arsonists in schools. "This suggests a breakdown of parental and school discipline," said Mr. Charles West, the outgoing chairman.

"Had it not been for the strike, there were indications that the overall estimated losses for the year could well have been less than the previous year."

The number of costly fires increased during the strike and spending on publicity and fire prevention measures was heavy. But until the strike there had been an improvement in containing fire losses.

Fires started deliberately had not diminished and still topped the list of causes of large fires.

"A high proportion of these fires are caused by vandals and constitute the more costly pattern of vandalism which has become a major scourge of our time," Mr. West said.

He warned that, after damaging schools, vandals could turn their attention to other targets and put lives at risk by threatening industry and commerce.

Heritage show at Selfridges

SELFRIDGES' Noble Heritage summer exhibition was opened yesterday by the Duke of Norfolk. The exhibition on the fourth floor of the store in Oxford Street, London, runs until September.

It features a collection of portraits, documents, armour and furniture from 19 stately British homes, all of which have historic links with the Tower of London, and is part of the Tower's novocentenary celebrations.

Extension of postal express service

Financial Times Reporter

THE POST OFFICE yesterday extended its Expresspost services — already operating between London, Birmingham, Manchester, Liverpool, Leeds and Medway —to eight new centres, bringing the total up to 14. The new services cover Bath, Bristol, Cardiff, Swansea, Oxford, Cambridge, Edinburgh and Glasgow.

Expresspost, delivers at premium prices, urgent letters and packets the day they are posted. Customers in the new centres will be able to book the service by telephoning an Expresspost control centre. On giving the address of collection and delivery points, a price will be quoted and time agreed for the messenger to pick up the item.

The minimum charge of local Expresspost service is £1, although the average is about £1.50.

Inter-city services will operate between any of the 14 centres where direct rail links are available. Further information is available by asking the operator for Freefone 2333.

Food labels should give amount of added water, says Ministry

FINANCIAL TIMES REPORTER

FOOD LABELLING rules should be changed to tell consumers how much added water they are paying for when they buy poultry, hams, fish and other processed food, the Ministry of Agriculture's Food Standards Committee says in a report published yesterday.

The committee says that the use of salts and polyphosphates in poultry processing, which is claimed to make the meat more succulent, inevitably results in increased water content and is therefore "open to abuse."

One meat machinery supplier claimed recently that the weight of cooked hams could be increased by 22 per cent by the addition of water during processing with polyphosphates.

The committee says that prepacked or canned hams should be clearly marked where polyphosphates have been used. And the information should be carried on the price ticket when similar foods are sold loose.

"There is evidence that some canned hams today contain as little as 65 to 70 per cent meat while about 50 per cent is not unknown, and that a high proportion of the contents of a can may consist of jelly," the committee notes.

"Recently it has become clear that a number of foods are being sold with a higher water content than formerly. It could hardly be claimed by anyone that the addition of water to milk or beer confers any benefit on consumers," the committee reports.

But manufacturers claimed that adding water gave a more "succulent" end-product. Consumers, on the other hand, had complained that "some modern ham has a rubbery texture and lacks flavour."

Food Standards Committee, Report on Water in Food, HMSO, £1.50.

Regulations for coffee

COFFEE PROCESSORS are to be asked to obey new regulations in formulation and labelling of their products. The Government yesterday published proposals for up-dating the labelling requirements on coffee.

The regulations would define and lay down the composition required for coffee and coffee mixtures as well as certain "reserved" descriptions for coffee products. These descriptions could not be used for products which did not meet requirements laid down in other parts of the regulations

هكذا من الأهل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Clean coal burner has good economy

IN A MOVE that could be a prelude to extensive business in the U.S., Stone-Platt Fluidrive has shipped its first commercial hot water boiler unit operating on fluidised bed combustion of coal, with a capacity of 1m. BTU, to the Virginia Polytechnic Institute and State University (VPI) at Blacksburg, Va.

There, it is to be used for research into sulphur absorption by such units when operating on high-sulphur U.S. coal and for teaching. A similar unit has been ordered by U.S. General Motors and is expected to be delivered to site towards the end of the current year.

But in the meantime, a very large market for coal-burning units is opening up in the U.S., primarily because it is a locally-produced fuel and the U.S. Department of Energy is encouraging its use as an alternative to imported oil or gas.

Local pollution laws are strict and becoming more rigidly enforced because of a powerful environmental lobby. And this is to the advantage of the fluidised bed boiler since it is relatively simple to control sulphurous emissions by additions to the bed of such simple materials as ground limestone.

Prior to its departure the VPI unit was demonstrated extensively to various authorities in Britain and under test showed it could deliver 115 per cent of rated capacity and had a heat extraction efficiency of 80 per cent.

In the meantime, Stone-Platt Fluidfire has carried out a study of the equipment it has designed on behalf of the US Department of Energy, covering the capital and running costs of units in the range 5,000/60,000 lb per hour of steam. Capital prices ranged from £7 to £8.5 per lb of steam raised. This would include the cost of all the equipment required to conform with Environmental Protection Agency legislation on emissions of sulphur dioxide and oxides of nitrogen.

Running costs of its units under US conditions lay between $3.49 and $4.32 per 1,000 lb of steam raised at 125 psig, saturated. They proved to be the most economical of their type available.

The UK company is planning to set up a demonstration plant in one of Stone Platt's Yorkshire factories and will commission it next year. The company proposes to show prospective users that with coal at about half the price of oil or gas, the extra cost of a fluidised bed automatic boiler can very soon be recovered. The demonstration plant should give a discounted cash flow return of about 28 per cent.

Equipment designed for the US market is started on natural gas or propane and switched automatically to coal after one hour, by which time the bed is at operating heat. Control is fully automatic and the bed will follow fluctuations in demand, above 45 per cent. load, at a rate of 20 per cent. of load per minute, which is extremely flexible for a mechanically controlled device.

Stone Platt Fluidfire, Washington Street, Netherton, Dudley, West Midlands DY2 9RE. Dudley 211551.

● PLASTICS

Presses for Iran

AS A RESULT of the flourishing market for moulded tableware in Iran and other Middle East countries, British Industrial Plastics (Turner and Newall) is currently building 20 special "Bipel" plastics moulding presses for a company associated with Karharnejat Towlidi, one of the largest Iranian producers of melamine tableware.

The presses, each with a capacity of 400 tons, incorporate a new control system designed specifically for high-speed moulding of tableware and each machine, says the supplier, can produce 200 medium sized plates, fully decorated and glazed, per hour.

As the machines are of the "double daylight" type, twice the production capacity of a com. the production capacity of a compression press is achieved when used for moulding flat ware and toilet seats, for example. An intermediate table operated by twin hydraulic cylinders mounted within the press columns is fitted in between the principal press tables, and by fitting upper and lower sets of moulds, a machine effectively becomes two presses in one.

● TRANSPORT

Four-wheeled workshops

SPECIAL BODIED mobile workshops based on Range Rover and Land Rover vehicles are now being offered by Four by Four Hire.

The latest is a workshop which has been built with a Luton box van style body more than doubling its volumetric carrying capacity and providing standing room for all but the tallest operatives. The vehicle also has an Allam 7.5 kVA generator built in between the two front seats. This makes the workshop completely independent and self-contained.

The first two vehicles of this type are working at open cast coal sites where they are being used for the servicing of 120 tonne hydraulic face shovels and in conditions where only a four-wheel drive vehicle could guarantee safety and freedom of movement.

Each workshop is fully fitted with racking and equipped with spares, tools and a tower light for emergency night operation.

Four by Four, which has its headquarters at Popham Close, Hanworth, Feltham, Middx, has a fleet of more than 200 Land Rovers which includes units which can be used as mobile welders and compressors.

● COMMUNICATIONS

Fibre data link

AVAILABLE as a standard production item from Roditi International Corporation is duplex asynchronous data link designed for users with little or no experience of fibre optics.

The link accepts the 25-pin RS-232C electrical plug as input and converts the electrical digits directly to corresponding light pulses. The output is connected directly to pre-terminated fibre optic duplex cable. Each end of the link consists of receiver, transmitter, power supply and power cable with wall plug.

Benefits offered by the link include that of eliminating a modem at each end of the line, total security on the lines, safety in hazardous environments and immunity from electromagnetic interference. The link can work at up to 20k bits per second over distances up to one kilometre.

More from the company at 130, Regent Street, London W1R 6BR (01-437 1997).

● CONFERENCES

Discussing waste

A CONFERENCE dealing with new developments taking place which are expected to affect the movement and disposal of hazardous industrial wastes will be held in London on July 11 and 12.

Following a directive from the EEC Commission in Brussels, new regulations are expected to be introduced shortly in the U.K. which will shape the future of waste disposal, and topics covered by the conference include recent developments on waste treatment technology, talks on future legislation, and U.K. facilities regarding waste disposal, etc.

Enquiries to Oyez Industrial Business Communications, Norwich House, 11/13 Norwich Street, London E.C.4 (01-242 2481).

● FINISHING

Vitreous enamelling guide

THE DESIGN COUNCIL in association with the Vitreous Enamel Development Council has just published the first in a series of design guides, "Design for vitreous enamelling," which describes the requirements for the satisfactory use of vitreous enamel as a protective and decorative coating for a wide range of products.

Originally used for decorative purposes in the making of jewellery and bronze ornaments for something like a thousand years, vitreous enamel is nowadays applied to products ranging from holloware to cookers, building panels and grain silos.

The guide provides the essential background to the process of vitreous enamel coating for normal and for more exacting applications, plus chapters on colour matchin gand decoration.

Published by Heinemann at £2.95 the guide is available from bookshops and the Design Centre Bookshop, 28 Haymarket, London, SW1 4SU. (£3.35 by post).

● AUTOMATION

Czech steel complex

VZKG, one of the largest companies in Czechoslovakia, will shortly take delivery of six R-range systems announced by Redifon a few weeks ago. VZKG is a steel manufacturing and construction company employing over 40,000 people and is based in Ostrava, Northern Moravia, Czechoslovakia.

The six consist of two R300 data entry systems and four R830 distributed data processing systems. They will complement two Seecheck networks currently installed with 22 terminals, three serial printers and data communication facilities.

The £370,000 of new equipment will be installed throughout the factory complexes at Ostrava and will provide data input and local processing facilities with data communications links to the Seecheck units currently installed in the computer centre. Applications include payroll, production control, sales ledger, purchase ledger, stock control and banking statistics.

Each day an average of 2.5m. characters will be transmitted to the central Seecheck system for further processing. The combination of central and distributed data processing with extensive use of remote terminals will provide VZKG with fast information turn-round to control daily operations of steel-making as well as providing statistics for planning.

Redifon Computers, Kelvin Way, Crawley, Sussex. Crawley (0293) 31211.

● HANDLING

Makes beer quite clear

BREWERY bulk handling equipment which will be the first of its kind to be built in the U.K. is to be engineered by Simon-Solitec of Gloucester (a Simon Engineering company) for the new giant brewery of Courage (Central) at Worton Grange, Reading.

The scheme is new in that it applies automated bulk handling techniques to th kieselguhr bright beer filtration system, a process which up to now in the UK has depended on manual handling of bags of powders. Introduction of bulk handling is expected to improve flexibility, provide the convenience of bulk storage and automatic weighing facilities and result in considerable economies due to reduction in manual labour.

Kieselguhr is the name for diatomaceous earth, a powder which, together with lucilite (a hydrogell), is used as the filtering medium. In plants based on manual handling, bags of powder have to be lifted and opened directly over the slurrying tanks. The new installation will use pneumatic conveying to transport the powders from the automatic bag opening machine to the storage tanks, automatic batch weighing being implemented after the bulk powder storage.

The system was designed jointly by Simon-Solitec and the Alfa-Laval Company of Brentford who are main contractors for the new brewery's beer filtration plant. Simon-Solitec is also responsible for the engineering, erection, commissioning and the supply of the automatic bag opening, pneumatic conveying, bulk storage, bin activating and weighing equipment.

The contract is worth £130,000 to Simon-Solitec and completion is scheduled for September 1978.

Simon Engineering, POB 31, Stockport SK3 0RT. 061-428 3600.

Reduces the waste

A PRODUCT from the Edbro Group will make its German debut at the fifth International Sewage and Refuse Engineering Exhibition in Munich from June 5—10.

The company has formed its own solid waste handling division, Edbro/LMS at Bamber Bridge, Preston, Lancs., and the Edbro 250 Compactor is one of its newest introductions.

This space-saving compactor is said to be capable of reducing industrial and domestic waste down to at least one-sixth of its original volume. Special features include an hydraulically sealed plate which encloses the loaded container for transit, and ease of access to all working parts. It is controlled by a solid state electronic system.

The compactor is 1714mm long, 1524mm wide and 2006mm high. With a compaction cycle of 15 seconds it is said to cope with up to 360 cubic metres of waste an hour and can be used with containers from 6.9 to 27.5 cubic metres capacity.

More from 0772 39642.

● COMPUTING

Design for low-cost operation

NEW ENTRANT to the low cost business systems market, Computer Technology, is offering ability to drive four displays, a high speed line printer and a character printer from its 8020 machine at an all-up cost for a full system of less than £30,000.

Generally known for the extensive work it has done in universities, major research centres and in specialised operations such as the control of data traffic to and from large machines, CTL is becoming a significant UK manufacturer, supplying essential equipment to such companies as ICL, for instance.

It has made its new offering completely compatible with other machines in the 8000 series and provided it with ability to communicate with them and with IBM or ICL series machines.

Designed as a stand-alone machine for small businesses, the unit can be converted, as a company expands, to an 8030 which has approximately twice the processing power.

Transaction processing, management report generating and the busines-oriented language Cobol are provided.

Computer Technology, Eaton Road, Hemel Hempstead HP2 7LB. 0442 3272.

● INSTRUMENTS

Pressure is sent by air

DEVELOPED by the Budenberg Gauge Company of Altrincham is a series of passive pneumatic transmitters that enable liquid pressure readings to be taken at up to 60 metres (200 ft) from the sensing point.

There are four types of transmitter covering general purpose, tank liquid depth, solids-bearing fluids, and cargo-handling pumps in oil tankers.

A sealed system is used. The liquid pressure, applied to a thin and very flexible diaphragm in the transmitter, compresses (or rarifies) a column of air enclosed within transmitter, remote gauge and the fine bore copper pipe between them. The remote gauge measures the changed pressure.

There is a choice of pressure ranges, from 0 to 100 millibar up to 0 to 20 bar (0 to 1lb/sq in up to 0 to 300 lb sq in). One model can transmit partial vacuums down to 0.5 bar.

The advantage of the method is that no electrical or compressed air supplies are needed, and that the transmitter can be used where the liquids involved could not be put directly into small bore pipes.

In addition, air has the advantage of not suffering from liquid head effects experienced when liquid is used for transmission. Installation is often simplified as well, because the air-filled capillary (always at atmospheric pressure initially) can be fitted in sections, eliminating the problem of threading liquid-filled pipes through bulkheads.

More from the company at P.O. Box No. 5, Broadheath, Altrincham, Cheshire WA14 4ER (061 928 5441).

● MATERIALS

Abrasion and heat resisted

ENCLOSING FIBROUS insulating and refractory materials in knitted wire mesh made from heat-resisting alloys has been found to extend their applications into areas involving frequent movement or disturbance, repeated abrasion, erosion by high gas-velocities, or occasional knocks and blows.

Mesh-enclosed components says KnitMesh of Croydon, retain the low thermal conductivity, low heat-storage and high resistance to thermal shock of the basic fibre, and are suitable for continuous-use temperatures up to 1,400 degrees C in applications such as furnace door seals, vulnerable parts of furnace linings, and gaskets.

Steam and gas turbines, marine-engine exhausts and high-temperature pipework are lagged with the material, and it is used as hanging curtains to form baffles between zones in furnaces, to control metal temperatures during welding and stress-relieving, and as protection for workers and equipment during hot furnace repairs.

More on 01-657 0021.

MPs demand more control of Government expenditure

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

DEMANDS that MPs should have greater control over Government policy—particularly over Government expenditure plans—were voiced yesterday by back benchers led by Mr. Edward Du Cann (C Taunton), chairman of the Commons Public Accounts Committee.

"The obvious and easy way of controlling the executive is by controlling the purse strings. That is exactly what Parliament doesn't do."

He was opening a Commons debate, which he had initiated, on a motion expressing concern that Parliamentary control over the executive had diminished and that machinery for Parliament to supervise the actions of the executive was inadequate.

The strengthening of the powers of select committees was senn by Mr. Du Cann as one of the main methods of restoring greater back bench control.

This was also taken up by Mr. Ian Mikardo (Lab Bethnal Green and Bow), who urged that the procedure committee should look into the issues raised in the debate.

"Something has to be done to narrow this ever widening gap between the power and influence of the Government and the power and influence of the back bencher," said Mr. Mikardo who is one of the leading back bench authorities on Commons procedures.

One of Mr. du Cann's main proposals was that a select committee of the House should have a say in setting the levels of the cash limits which the Government now uses to control various sections of public expenditure

He recalled that the Public Accounts Committee has been examining, with the Treasury, ways in which cash limits—which now cover 65 per cent of supply expenditure—might be assimulted with the estimates so that they could be readily examined by MPs in committee.

"I hope it will be possible to assimulate estimates with the cash limits and possibly to put in front of this Chamber recommendations to that effect," said Mr. du Cann.

"Thereby we might have a chance to restore some measure of control—a control which we have almost completely lost."

Mr. du Cann said: "Parliament no more controls Government expenditure than Canute controlled the tide. We are not carrying out the function that our fellow citizens enturusted us with."

He called for the introduction of a Bill of Rights to protect the citizen and to prevent governments restricting the rights of individuals.

He said we could not count on the commitment of future majority parties in the UK to uphold our present constitutional traditions. If a Bill of Rights were not introduced and an extremist party gaind control at some stage, then constitutional freedom would be at risk.

MPs could no longer adequately examine the flood of Government legislation which now averaged 3,000 pages a year compared with 400 pages 50 years ago.

He also complained of the tendency for governments to bypass Parliament and discuss the major issues of the day with the CBI and the TUC.

There was also the increase in parliamentary discipline with MPs voting for the party line, and the growth in the power of the Prime Minister and his office.

"Never in our history, except in war time, has the Government possessed such power as it does today. Never has it exerted such patronage.

"As the power and influence of the executive has increased so our opportunities for scrutiny and control and examination seem to have diminished. We are on a skippery slop away from democracy."

Mr. du Cann felt that there was a great feeling in the House in favour of wider use of select committees. One notable improvement, he thought, would be to have pre-legislative committees to examine government proposals before they were finally embodied in a Bill.

Policy at the moment was rarely decide don the floor of the House. It was decided in Cabinet committees and then announced to the Commons. MPs rarely had the chance to debate a policy alternative. There was virtually no effective Parliamentary supervision of the nationalised industries.

The British National Oil Corporation and the National Enterprise Board were spending vast amounts of taxpayers' money yet the House had set up no machinery for examining their policy or their management.

Mr. Mikardo argued that as legislation grew more complex Ministers could rely on more and more specialist advice. But there had been no comparable strengthening of the services available to backbenchers.

He urged that select committees should be established corresponding to the major departments of state on lines similar to those existing in the U.S. There should be more select committees with more adequate staffing, he said.

The demands of MPs received a cool response from Mr. Michael Foot, Leader of the House, who maintained that the power of backbenchers over the executive had in fact increased since 1945.

He was against Mr. Mikardo's proposal for select committees to "shadow" specific Government departments and said that procedures which were successful in the U.S. would not be applicable in the UK.

He emphasised his support for the Labour conference's motion demanding the abolition of the House of Lords. To "lop off" the upper House was a major reform that would have to be made.

The backbenchers did not get much encouragement for their views, from Mr. Angus Maude, replying from the Conservative front bench, who was also against select committees to watch over Government departments.

Although he gave a cautious backing to Mr. Du Cann's proposals for greater financial controls, he warned that powers to control the executive would not work unless MPs were determined to act in concert.

Fortnightly benefit to be extended

UNEMPLOYMENT benefit is to be paid fortnightly as a result of a Government decision announced yesterday.

This follows the study of a pilot scheme under which, in certain parts of the country, the benefit has been paid fortnightly.

In a written reply to Mr. Bryan Davies (Lab, Enfield N), Mr. Albert Booth, Employment Secretary, said: "The Government has considered the report on the pilot scheme for fortnightly payment and is in favour of the system.

"We have, however, decided that the pilot procedures need some refinement, particularly to minimise overpayments and opportunities for fraud and abuse, and the timing of extension throughout Great Britain will be decided after this."

Meanwhile, the Social Services Secretary would be bringing forward regulations to allow the pilot scheme to continue.

Peer criticises 'misuse of Finance Acts'

LAWS HAVE been passed under the guise of Finance Acts which peers have no power to alter, which enable tax officials to break into desks and safes, a peer said in the Lords yesterday.

Lord Harmar-Nicholls (C) said in a debate on Parliamentary procedure that since 1671 legislation levying taxes could only be initiated in the Commons.

MPs could change it, as they did with the Finance Bill last week but peers had no powers to amend it at all. They could either accept a Bill or reject it.

He did not think the Lords should be entitled to change tax Bills as, unlike MPs, they could not be dismissed, but he was concerned with "tackling"—the inclusion in a tax Bill of a matter not sricitly related to the Bill's subject and which consequently the Lords could not amend.

He suspected there had been "tacking" in the 1976 Finance Act.

"It is a fact that under the guise of a tax Bill there has been legislation which enables people to walk into your house, break into your desk and break into your safe."

Here a separate Bill should have been used so that the Lords could have examined the powers given to officials.

Lord Peart, Leader of the Lords, said he did not accept Lord Harmar-Nicholl's anxieties.

"I am satisfied with the position as it is at present. When discussin gthese Bills we should always be most scrupulous in protecting the financial privilege of the House of Commons."

He doubted whether any change in the procedures by which MPs scrutinise finance legislation was needed.

He was sure that the Lords could rely on the regard that the Speaker of the House of Commons and his officers had for Parliament and the constitution to prevent "tacking."

Industry aid terms protest

By Ivor Owen, Parliamentary Staff

AN OPPOSITION demand for an explanation of the legal basis on which the granting of financial aid to industry is being made conditional on recipient companies agreeing to comply with official incomes policy was evaded by the Government in the Commons yesterday.

Mr. Kenneth Clarke, a Conservative industry spokesman, cited the case of GEC-Schreiber which is resisting the attachment of pay policy conditions to a £20m. project on Merseyside.

Pointing out that 1,000 jobs were at risk he said: "What is the authority in law for attaching these conditions to offers of assistance for projects which, in every other respect, satisfy the criteria of the Industry Act 1972?"

Mr. Bob Cryer, Under-Secretary for Industry, replied that it would be wrong for him to give any detailed explanation of the negotiations which were still in progress and which were being conducted on a confidential basis.

With support from the Tory benches, Mr. Clarke maintained that the current negotiations in no way excluded the Minister from dealing with the central issue of the legal basis for the action taken by the Government.

Mr. Cryer urged him to table a substantive question.

He denied a suggestion by Mr. Anthony Grant (C. Harrow Central) that the Government was "bullying small firms" over the incomes policy.

Research into unemployment

THE MANPOWER Services Commission expects to pay a total of £316,000 to the Manpower Research Group at Warwick University for unemployment forecasts Mr. John Golding Employment Under-Secretary said in a Commons written reply yesterday.

Mr. Golding told Mr. Ivan Lawrence (C., Burton) that the Commission has paid £116,000 since the programme began in October, 1975. It expected to pay a further £200,000 to complete the planned programme by 1980.

Agreement likely on 9½% Civil Service pay deal

BY IVOR OWEN, PARLIAMENTARY STAFF

A PAY settlement is expected to be concluded this week with Civil Service unions representing non-industrial staff, Mr. Charles Morris, Minister of State for the Civil Service, told the Commons yesterday.

He said he would provide for consolidation of the 1976 and 1977 pay supplements, an across-the-board increase of 9½ per cent and for a start to be made on the rectification of anomolies.

Mr. Morris said that April 1 would be the operative date for the settlement, which was within the Government's pay guidelines.

Questioned about the re-introduction of pay research into the Civil Service, the Miinster confirmed that the Pay Research Unit had begun its survey work which was being carried out under the auspices of the new Pay Research Unit Board.

Mr. John Ovenden (Lab Gravesend) suggested that the Pay Research Unit could be expected to reach similar conclusions to the recent reports on pay for the armed forces and for doctors and dentists.

He asked for an assurance that the Government would face up to the implications of the Pay Research Unit's report and to its obligations to give the public sector a fair deal.

Mr. Morris said he was unable to give any assurance about a hypothetical situation which might arise in 1979.

The Government was accused by Mr. Robert Adley (C Christchurch and Lymington) of being "frightened" of the imposition of a closed shop in the Civil Service.

Mr. Barney Hayhoe, a Conservtive spokesman on employment, described the attempt by some unions to secure a closed shop in the Civil Service as "outrageous" and called on the Government to resist it.

The Minister acknowledged the intense feeling among the Civil Service unions on the closed shop but refused to anticipate the outcome of negotiations now in progress.

But he pointed out that one crucial factor to be considered was that Ministers were answerable to Parliament for the Civil Service. These circumstances did not exist in the private sector.

Labour backbenchers exerted strong pressure on the Government to ensure a better deal for industrial civil servants, some of whom were said by Mr. William Hamilton (Lab., Central Fife) to be on a basic rate of £32 a week.

Mr. Morris said negotiations would start shortly on the claim for "a substantial increase" for industrial staff from July 1.

Production of coin increased

THE ROYAL MINT has doubled its normal rate of production of 50p coins and plans to make even more in coming months.

But only four representations have been received about a shortage of the coins, Mr. Denzil Davies, Treasury Minister of State, told Mr. Robin Hodgson (C., Walsall N.) in a Commons written reply yesterday.

This was apart from advice from the banks, with whom the Royal Mint was in constant touch.

Six new factories let in mid-Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

THE DEVELOPMENT Board for Rural Wales has let another six factories in mid-Wales it announced yesterday. They will provide more than 200 jobs within the next three years.

Mr. John Morris, Secretary of State for Wales, told the Commons in a written reply that it brought to 53 the number of fatcories formally or provisionally allocated to tenants throughout Wales so far this year.

The new arrivals announced include Precision Circuits, a Hayes, Middlesex, company, supplying circuits for the computer and instrumentation industries, which is to take over a 36,000 sq ft factory at Ystradgynlais, Swansea Valley, being vacated by Firth Cleveland at the end of May. Precision Circuits will initially employ 40 people biulding up to 110 over three years.

A 10,000 sq ft unit at Llandrindod Wells has been let to Goode and Sons (furniture) which is moving to mid-Wales to fulfil expansion plans which it cannot put into operation at its works in Birmingham.

At Blaenau FFestiniog, another 10,000 sq ft factory has been let by the Board to Wallace and Linnell, clothing manufacturers, to meet demand for its men's leisure wear products. The company expects 60 jobs will be created within 12 months in an area with particularly severe unemployment problems.

At Hay on Wye, a 3,000 sq ft unit is being made available to Rayburn Plastics of Walsall, and in Newtown, Powys, Turner and Collins, a specialist furniture maker, and Gainsborough Electrical of Birmingham are each taking a 3,000 sq ft unit.

The lettings mark a very promising start to the Board's second year of operations. Of 36 advance factories the Board took over when it opened for business in April last year, 22 have already been allocated and negotiations are in hand for a further seven. Another nine factories under construction are already let.

The Board also has two significant developments under investigation for the economy of rural mid-Wales. One is the possibility of building an airstrip at Aberystwyth, on the mid-Wales coast for an air service to Cardiff and beyond.

The other is an investigation into the market for "cottage-produced" top quality knitwear, marketed professionally under a "Made in Wales" label.

Foot rejects time limit on speeches

A PROPOSAL for imposing a time limit on MPs speeches in the Commons has been rejected by Mr. Michael Foot, Leader of the House.

He said that many of the most distinguished MPs, including Winston Churchill and Aneurin Bevan, would not have been able to make the contribution they did if there had been a rigid timetable on speeches.

The call for an experimental time limit came from Mr. David Price (C., Eastleigh) who had only just risen to ask Mr. Foot a question when MPs shouted: "too long."

Mr. Price said that voluntary efforts to shorten speeches had not been very successful. "The time has come to try a little compulsion."

Mr. Foot was adamant. Few things, he insisted, could interfere more with the essential rights of MPs than the introduction of a time limit.

Laughter greeted the suggestion of Mr. Michael Stewart (Lab., Fulham) who proposed that each MP should be given a time allocation at the beginning of each session.

Mr. Foot said: "Your suggestion might result in taciturnity at the beginning of the session and garrulity at the end—I am not sure that would be a god system."

Concern expressed for Bhutto

DR. DAVID OWEN, Foreign Secretary, has told the Pakistan Government that there are many people in Britain whose concern over the death sentence passed on Mr. Bhutto, the former Prime Minister, could affect our relations with Pakistan.

This was stated in the House of Lords yesterday by Lord Goronwy-Roberts, the Government spokesman following an appeal for clemency for Mr. Bhutto by Baroness Emmet, of Amberley (C).

Lady Emmet said it would be a point in favour of the Pakistan Government if they were to show clemency, although she understood that Mr. Bhutto had stood trial and been convicted.

Lord Goronwy-Roberts said that Dr. Owen had met the Pakistan Foreign Affairs Adviser in London last month.

Dr. Owen had pointed out that while the trial and sentence were matters that fell in Pakistan's own jurisdiction there would be many in Britain whose concern could affect our relations with Pakistan.

Beyond that Dr. Owen could not go, without running the risk of interfering in the affairs of a Commonwealth state.

هكذا منت الأهل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Clean coal burner has good economy

IN A MOVE that could be a prelude to extensive business in the U.S., Stone-Platt Fluidrive has shipped its first commercial hot water boiler unit operating on fluidised bed combustion of coal, with a capacity of 1m. BTU, to the Virginia Polytechnic Institute and State University (VPI) at Blacksburg, Va.

There, it is to be used for research into sulphur absorption by such units when operating on high-sulphur U.S. coal and for teaching. A similar unit has been ordered by U.S. General Motors and is expected to be delivered to site towards the end of the current year.

But in the meantime, a very large market for coal-burning units is opening up in the U.S., primarily because it is a locally-produced fuel and the U.S. Department of Energy is encouraging its use as an alternative to imported oil or gas.

Local pollution laws are strict and becoming more rigidly enforced because of a powerful environmental lobby. And this is to the advantage of the fluidised bed boiler since it is relatively simple to control sulphurous emissions by additions to the bed of such simple materials as ground limestone.

Prior to its departure, the VPI unit was demonstrated extensively to various authorities in Britain and under test showed it could deliver 115 per cent of rated capacity and had a heat extraction efficiency of 80 per cent.

In the meantime, Stone-Platt Fluidfire has carried out a study of the equipment it has designed on behalf of the US Department of Energy, covering the capital and running costs of units in the range 5,000/60,000 lb per hour of steam. Capital prices ranged from £7 to £8.5 per lb of steam raised. This would include the cost of all the equipment required to conform with Environmental Protection Agency legislation on emissions of sulphur dioxide and oxides of nitrogen.

Running costs of its units under US conditions lay between $3.49 and $4.32 per 1,000 lb of steam raised at 125 psig, saturated. They proved to be the most economical of their type available.

The UK company is planning to set up a demonstration plant in one of Stone Platt's Yorkshire factories and will commission it next year. The company proposes to show prospective users that with coal at about half the price of oil or gas, the extra cost of a fluidised bed automatic boiler can very soon be recovered. The demonstration plant should give a discounted cash flow return of about 28 per cent.

Equipment designed for the US market is started on natural gas or propane and switched automatically to coal after one hour, by which time the bed is at operating heat. Control is fully automatic and the bed will follow fluctuations in demand, above 45 per cent. load, at a rate of 20 per cent. of load per minute, which is extremely flexible for a mechanically controlled device.

Stone Platt Fluidfire, Washington Street, Netherton, Dudley, West Midlands DY2 9RE. Dudley 211551.

● PLASTICS

Presses for Iran

AS A RESULT of the flourishing market for moulded tableware in Iran and other Middle East countries, British Industrial Plastics (Turner and Newall) is currently building 20 special "Bipel" plastics moulding presses for a company associated with Karharnejat Towlidi, one of the largest Iranian producers of melamine tableware.

The presses, each with a capacity of 400 tons, incorporate a new control system designed specifically for high-speed moulding of tableware and each machine, says the supplier, can produce 200 medium sized plates, fully decorated and glazed, per hour.

As the machines are of the "double daylight" type, twice the production capacity of a compression press is achieved when used for moulding flat ware and toilet seats, for example. An intermediate table operated by twin hydraulic cylinders mounted within the press columns is fitted in between the principal press tables, and by fitting upper and lower sets of moulds, a machine effectively becomes two presses in one.

● TRANSPORT

Four-wheeled workshops

SPECIAL BODIED mobile workshops based on Range Rover and Land Rover vehicles are now being offered by Four by Four Hire.

The latest is a workshop which has been built with a Luton box van style body more than doubling its volumetric carrying capacity and providing standing room for all but the tallest operatives. The vehicle also has an Allam 7.5 kVA generator built in between the two front seats. This makes the workshop completely independent and self-contained.

The first two vehicles of this type are working at open cast coal sites where they are being used for the servicing of 120 tonne hydraulic face shovels and in conditions where only a four-wheel drive vehicle could guarantee safety and freedom of movement.

Each workshop is fully fitted with racking and equipped with spares, tools and a tower light for emergency night operation.

Four by Four, which has its headquarters at Popham Close, Hanworth, Feltham, Middx, has a fleet of more than 200 Land Rovers which includes units which can be used as mobile welders and compressors.

● COMMUNICATIONS

Fibre data link

AVAILABLE as a standard production item from Roditi International Corporation is duplex asynchronous data link designed for users with little or no experience of fibre optics.

The link accepts the 25-pin RS-232C electrical plug as input and converts the electrical digits directly to corresponding light pulses. The output is connected directly to pre-terminated fibre optic duplex cable. Each end of the link consists of receiver, transmitter, power supply and power cable with wall plug.

Benefits offered by the link include that of eliminating a modem at each end of the line, total security on the lines, safety in hazardous environments and immunity from electromagnetic interference. The link can work at up to 20k bits per second over distances up to one kilometre.

More from the company at 130, Regent Street, London W1R 6BR (01-437 1997).

● CONFERENCES

Discussing waste

A CONFERENCE dealing with new developments taking place which are expected to affect the movement and disposal of hazardous industrial wastes will be held in London on July 11 and 12.

Following a directive from the EEC Commission in Brussels, new regulations are expected to be introduced shortly in the U.K. which will shape the future of waste disposal, and topics covered by the conference include recent developments on waste treatment technology, talks on future legislation, and U.K. facilities regarding waste disposal, etc.

Enquiries to Oyez Industrial Business Communications, Norwinch House, 11/13 Norwich Street, London E.C.4 (01-242 2451).

● FINISHING

Vitreous enamelling guide

THE DESIGN COUNCIL in association with the Vitreous Enamel Development Council has just published the first in a series of design guides, "Design for vitreous enamelling," which describes the requirements for the satisfactory use of vitreous enamel as a protective and decorative coating for a wide range of products.

Originally used for decorative purposes in the making of jewellery and bronze ornaments for something like a thousand years, vitreous enamel is nowadays applied to products ranging from holloware to cookers, building panels and grain silos.

The guide provides the essential background to the process of vitreous enamel coating for normal and for more exacting applications, plus chapters on colour matchin gand decoration.

Published by Heinemann at £2.95 the guide is available from bookshops and the Design Centre Bookshop, 28 Haymarket, London, SW1 4SU. (£3.35 by post).

● AUTOMATION

Czech steel complex

VZKG, one of the largest companies in Czechoslovakia, will shortly take delivery of six R-range systems announced by Redifon a few weeks ago. VZKG is a steel manufacturing and construction company employing over 40,000 people and is based in Ostrava, Northern Moravia, Czechoslovakia.

The six consist of two R300 data entry systems and four R830 distributed data processing systems. They will complement two Seecheck networks currently installed with 22 terminals, three serial printers and data communication facilities.

The £370,000 of new equipment will be installed throughout the factory complexes at Ostrava and will provide data input and local processing facilities with data communications links to the Seecheck units currently installed in the computer centre. Applications include payroll, production control, sales ledger, purchase ledger, stock control and banking statistics.

Each day an average of 2.5m. characters will be transmitted to the central Seecheck system for further processing. The combination of central and distributed data processing with extensive use of remote terminals will provide VZKG with fast information turn-round to control daily operations of steel-making as well as providing statistics for planning.

Redifon Computers, Kelvin Way, Crawley, Sussex. Crawley (0293) 31211.

● HANDLING

Makes beer quite clear

BREWERY bulk handling equipment which will be the first of its kind to be built in the U.K. is to be engineered by Simon-Solitec of Gloucester (a Simon Engineering company) for the new giant brewery of Courage (Central) at Worton Grange, Reading.

The scheme is new in that it applies automated bulk handling techniques to th kieselguhr bright beer filtration system, a process which up to now in the UK has depended on manual handling of bags of powders. Introduction of bulk handling is expected to improve flexibility, provide the convenience of bulk storage and automatic weighing facilities and result in considerable economies due to reduction in manual labour.

Kieselguhr is the name for diatomaceous earth, a powder which, together with lucilite (a hydrogell), is used as the filtering medium. In plants based on manual handling, bags of powder have to be lifted and opened directly over the slurrying tanks. The new installation will use pneumatic conveying to transport the powders from the automatic bag opening machine to the storage tanks, automatic batch weighing being implemented after the bulk powder storage.

The system was designed jointly by Simon-Solitec and the Alfa-Laval Company of Brentford who are main contractors for the new brewery's beer filtration plant. Simon-Solitec is also responsible for the engineering, erection, commissioning and the supply of the automatic bag opening, pneumatic conveying, bulk storage, bin activating and weighing equipment.

The contract is worth £130,000 to Simon-Solitec and completion is scheduled for September 1978.

Simon Engineering, POB 31, Stockport SK3 0RT. 061-428 3600.

Reduces the waste

A PRODUCT from the Edbro Group will make its German debut at the fifth International Sewage and Refuse Engineering Exhibition in Munich from June 5—10.

The company has formed its own solid waste handling division, Edbro/LMS at Bamber Bridge, Preston, Lancs., and the Edbro 250 Compactor is one of its newest introductions.

This space-saving compactor is said to be capable of reducing industrial and domestic waste down to at least one-sixth of its original volume. Special features include an hydraulically sealed plate which encloses the loaded container for transit, and ease of access to all working parts. It is controlled by a solid state electronic system.

The compactor is 1714mm long, 1524mm wide and 2006mm high. With a compaction cycle of 15 seconds it is said to cope with up to 360 cubic metres of waste an hour and can be used with containers from 6.9 to 27.5 cubic metres capacity.

More from 0772 39642.

● COMPUTING

Design for low-cost operation

NEW ENTRANT to the low cost business systems market, Computer Technology, is offering ability to drive four displays, a high speed line printer and a character printer from its 8020 machine at an all-up cost for a full system of less than £30,000.

Generally known for the extensive work it has done in universities, major research centres and in specialised operations such as the control of data traffic to and from large machines, CTL is becoming a significant UK manufacturer, supplying essential equipment to such companies as ICL, for instance.

It has made its new offering completely compatible with other machines in the 8000 series and provided it with ability to communicate with them and with IBM or ICL series machines.

Designed as a stand-alone machine for small businesses, the unit can be converted, as a company expands, to an 8030 which has approximately twice the processing power.

Transaction processing, management report generating and the business-oriented language Cobol are provided.

Computer Technology, Eaton Road, Hemel Hempstead HP2 7LB. 0442 3272.

● INSTRUMENTS

Pressure is sent by air

DEVELOPED by the Budenberg Gauge Company of Altrincham is a series of passive pneumatic transmitters that enable liquid pressure readings to be taken at up to 60 metres (200 ft) from the sensing point.

There are four types of transmitter covering general purpose, tank liquid depth, solids-bearing fluids, and cargo-handling pumps in oil tankers.

A sealed system is used. The liquid pressure, applied to a thin and very flexible diaphragm in the transmitter, compresses (or rarifies) a column of air enclosed within transmitter, remote gauge and the fine bore copper pipe between them. The remote gauge measures the changed pressure.

There is a choice of pressure ranges, from 0 to 100 millibar up to 0 to 20 bar (0 to 1lb/sq in up to 0 to 300 lb sq in). One model can transmit partial vacuums down to 0.5 bar.

The advantage of the method is that no electrical or compressed air supplies are needed, and that the transmitter can be used where the liquids involved could not be put directly into small bore pipes.

In addition, air has the advantage of not suffering from liquid head effects experienced when liquid is used for transmission. Installation is often simplified as well, because the air-filled capillary (always at atmospheric pressure initially) can be fitted in sections, eliminating the problem of threading liquid-filled pipes through bulkheads.

More from the company at P.O. Box No. 5, Broadheath, Altrincham, Cheshire WA14 4ER (061 928 5441).

● MATERIALS

Abrasion and heat resisted

ENCLOSING FIBROUS insulating and refractory materials in knitted wire mesh made from heat-resisting alloys has been found to extend their applications into areas involving frequent movement or disturbance, repeated abrasion, erosion by high gas-velocities, or occasional knocks and blows.

Mesh-enclosed components says KnitMesh of Croydon, retain the low thermal conductivity, low heat-storage and high resistance to thermal shock of the basic fibre, and are suitable for continuous-use temperatures up to 1,400 degrees C in applications such as furnace door seals, vulnerable parts of furnace linings, and gaskets.

Steam and gas turbines, marine-engine exhausts and high-temperature pipework are lagged with the material, and it is used as hanging curtains to form baffles between zones in furnaces, to control metal temperatures during welding and stress-relieving, and as protection for workers and equipment during hot furnace repairs.

More on 01-657 0921.

THE JOBS COLUMN

Highway code for a successful career

BY MICHAEL DIXON

WHAT MAKES for career success? The question is clearly important, not least for youngsters about to enter the unknown territory of the working world. But who can answer it?

There is no lack of purported solutions, of course. They come mainly from personages who write those "simply follow my example" books which, as far as I can see, are read predominantly by salesmen. In view of the such varied personalities who develop satisfying careers in such varied circumstances, however, I feel sure that brash do-this-not-that prescriptions are prone to be hazardously misleading.

Here, no doubt, as in so many other matters, the truth is seldom clear and never simple.

Yet the busy burrowings of occupational psychologists and sociologists, let alone the medical profession, can hardly have failed to find raw material for sensible sets of answers. And it strikes me that another useful thing this column might now do is to try to elicit relevant information and assemble it occasionally for criticism and expansion by readers.

To do this could be valuable because, lacking any clear guidance on how to succeed, youngsters particularly tend to enter work preoccupied with how to avoid failing or, perhaps more importantly, being exposed as failures. The first thing I really wanted to know—surely typically—on starting my first four jobs 20 years or so ago was "do they sack people here?"

There is a wealth of difference between seeking success and avoiding the taint of failure as has been pointed out by among others, the American psychologist David McClelland in his works on the need for achievement in human beings.

One test which sorts out achievement-needing people from the counterposed fear-of-failure people, he has said, is the broad types of problem they are characteristically inclined to tackle. Take yourself for example: given a range from very easy, through increasingly difficult, to odds-on impossible problems: which measure of difficulty would you feel attracted to attempt?

If the answer is those of the middling to higher difficulty where your own ability and effort would decide between good and bad results, then the likelihood is that you are an achievement type of person.

A taste for very easy problems where success is virtually assured denotes the fear-of-failure breed. So does an inclination for impossible tasks which can be attempted with every sign of bravery, and with the guarantee that nobody will blame the inevitable failure on the attempter's personal deficiences. As I said earlier, avoiding failure is often less important than avoiding being seen as the cause of it.

Professor McClelland has suggested this division—only roughly outlined here—as part-explanation why big injections of financial aid have not promoted economic development in areas such as the Indian subcontinent.

A necessary condition of economic development is a ready supply of achievement-needers of the entrepreneurial kind. But in places like that the culture heavily encourages the fear-of-failure attitude. The inhabitants are thereby psychologically prepared for the continuing impossibility of scratching an adequate living from the soil so long as they can blame, or patiently accept, an external agency such as Providence as the cause of their penury.

Power

But offer to make the farming viable by providing machines and fertilisers, and they are likely to become afraid. Rather than face what is now clearly a test of their own mettle, they often migrate to cities where, lacking appropriate skills amid overwhelming competition for jobs they can once again fail quite blamelessly.

This is not to say that Professor McClelland would specify high achievement-need as the prime requirement for a successful management career, especially in the senior ranks of large organisations. There he thinks the prime trait is a need for power—an urge to influence the actions of others, not for personal ends especially, but in the interests of the organisation or some particular division if it.

To the extent that the organisation of work tends inevitably towards bureaucracy, therefore, a need for power may well be a better basic qualification for managerial success than is the entrepreneurial ache for recognisable achievement. But it would surely be wiser, and feasible, to select as the heads of bureaucracies people whose power-urge is allied to some need for achievement, rather than to the counterposed fear-of-failure.

Unfortunately, the more negative combination seems to be the general rule in the extending State bureaucracies, and not just in the United Kingdom. Witness the observation of Professor Fred Iklé—until President Carter's election the director of the United States Arms Control and Disarmament Agency—at the annual International Management Symposium which I attended last week at the University of St Gallen in Switzerland.

Increasing State intervention in all Western-type economies, Dr. Iklé said, meant that managers' attention was forced away from innovation towards the typically bureaucratic pursuit of politically manipulating complex rules and regulations

Of necessity, he added, "these managers will then have to do what bureaucrats are always best at: promote their own career by avoiding risks and collectively defending their vested interests. These are not the habits that create innovations."

But they are habits which denote fear-of-failure, as does the British bureaucrats' institutional insistence on not being identified with the decisions which they have recommended political leaders to endorse.

Worse, however, is that the urge-to-influence part of the negative combination apparently drives such people to impose their preferred working conditions increasingly on others.

Gone is the old tit-for-tat whereby people in private-enterprise employment received higher pay in compensation for lower job security. Instead we have "more equal" pay for State employees coupled with legislation intended to provide private-enterprise workers with a more public-service kind of job security. Going also is the rough and ready career race traditional in business, whereby people risked their abilities and efforts against real problems. Instead we have a drift towards pre-planned career paths, allocated to recruits primarily in line with their success according to the academic values of the education system, in the approved Civil Service manner.

Evidence

And what is the effect on the factors associated with career success? Well, if the Government thinks it is in favour of the chances of people born in the working classes, it must be blind to the available evidence.

There is plenty of this—overwhelmingly pointing the opposite way. But the only bit I am quoting here is an unpublished study started a while ago by Inbucon-AIC which perished for lack of funds after four years of effort.

The study took 478 volunteer graduates who went into industry and commerce and followed up their progress. "Above-average advancement" was measured by a salary increase of at least 10 per cent over the first two years of work.

Of those who stayed that long in jobs within the scope of the study, above-average advancement was achieved by nine out of every ten youngsters with a parent in a highly paid and esteemed job.

The same was achieved by seven out of 10 who, whether their academic record was weak or strong, had joined companies with well organised training programmes.

So the two most influential factors would seem to be external to the youngsters' own abilities. But now hear this.

Six out of 10 who had passed their driving test before graduating achieved above average advancement, whereas nine out of 10 who had either failed or not taken the test received less than average advancement!

I insist on taking that as a sign that the achievement attitude still counts for something in industry and commerce. After all, the driving test is something a person has to volunteer for, as distinct from being entered institutionally, and pass or failure depends on the person's doing a real-life task successfully.

In that, the driving test differs from academic examinations which, by the way, predicted neither one way or the other how the graduates got on in their subsequent career.

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

An exacting and demanding position—opportunity to reach the board as Commercial Director in 6—12 months

COMMERCIAL MANAGER—SOLICITOR

£10,000—£15,000

OXFORDSHIRE

FAST EXPANDING COMPANY T/O £5 MILLION—SUBSIDIARY OF MAJOR INTERNATIONAL GROUP

We invite applications from Solicitors aged 30-35, who have acquired at least 2 years post admittance commercial or industrial experience and are fully conversant with negotiating and setting up commercial or industrial contracts overseas worth upwards of £1 million, and dealing with related legal and administrative activities. Responsibility will be to the Managing Director for the effective control and the total commercial function covering work analysis, negotiation of the legal aspects of overseas contracts written under British law, arranging letters of credit, financing and liaising with the Bank of England, E.C.G.D., Embassies and the firm's outside professional advisors etc. Up to 25% away travel will be necessary in the U.K., European Continent and Middle East. The successful candidate must be used to working with a high level of autonomy, have sufficient commercial judgement to make a significant contribution to the Company's future rapid and profitable growth. Initial salary negotiable £10,000-£15,000 + car, contributory pension, free life assurance, free B.U.P.A., assistance with removal expenses if necessary. Applications in strict confidence under reference CMS3857/FT to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35 NEW BROAD STREET, LONDON EC2M 1NH - TELEPHONE: 01-588 3588 or 01-588 3576 - TELEX: 887374

Export Finance

The Confederation of British Industry is looking for an Assistant (male or female) in its European Advisory and Export Finance Department, dealing with advice on exporting and investing in West European markets, export finance, credit insurance and other financial export incentives including customs and excise matters.

Candidates should possess a degree in economics or business studies and relevant practical experience in banking or exporting. The job also calls for a fluent pen, the ability to grasp highly technical issues and present them clearly and simply in committee or in representations to Government. A knowledge of French would be an advantage.

Salary according to age and experience from £4600 pa.

Application form from Miss Jane Hopkinson,
Personnel Assistant, Confederation of British Industry,
21 Tothill Street, London SW1H 9LP.
Tel no: 01-930 6711 ext 5.

ACCOUNTANT
Circa £11,000

Exceptional opportunity offered with quoted conglomerate for qualified accountant to head group financial operation.
Service industry background ideal. Excellent management fringe package.
Contact Trevor Brown on
01-499 5202
Dewey Brown Associates

SALES REPRESENTATIVE OR SALES DIRECTOR WANTED

for European, London based subsidiary of American skateboard safety equipment company. Sports equipment sales experience preferred.

Send resume to 3110,
Santa Rosa Avenue
Santa Rosa, California 95401.

ACCOUNTANT
£4,500 neg.

Ideal opportunity for part qualified accountant to join medium sized expanding West End practice.
Excellent opportunity to extend experience and progress.
Salary and fringes including study leave negotiable.
Contact Trevor Brown on
01-499 5202
Dewey Brown Associates

Computer-aided Retrieval of
LEGAL DATA

For our new office in Bruxelles we seek a capable person who fulfills some of the following requirements amply and none not at all:

- *Experience of international contact work*
- *Legal background*
- *Insight in information system theory and practice*
- *Proficiency in English, French and some other language*

We shall be glad to answer any questions.
Interviews will be arranged in Bruxelles during May and June.

SKRIPTOR
S-104 65 Stockholm, Telephone + 468 743 05 55
Telex 10393 KVAL S
Attention: Hans Karlgren

APPOINTMENTS WANTED

FINANCIAL WRITER

International financial organisation requires experienced financial writer, to write comprehensive economic analyses, in reportorial style, on the various principal industrial countries, on a per article basis.

The organisation will provide the research material required to write the articles, to be written about various countries, as designated, bi-monthly the articles to be written about a single country, in each case.

The successful applicant will have a background in international financial reporting. The fee for writing each article, of approximately two thousand words, is £100.

Please reply, sending resume and examples of work to:
D. S. Lowery,
P.O. Box 9533,
Nassau, Bahamas.

BILINGUAL BRITISH MANAGER PARIS

40 years old having 12 years experience at general management level in Paris in consultancy and corporate finance seeks position of responsibility with British or American company extending operations in or into France. CV and salary requirement available. Write Box A.6358, Financial Times, 10, Cannon Street, EC4P 4BY.

NATIONAL ELECTRIC POWER AUTHORITY

VACANCY

The National Electric Power Authority of the Federal Republic of Nigeria requires well qualified and experienced Engineers for appointment as District Engineers in its Distribution Division.

THE PERSONS:

The persons we are looking for must possess a University degree in Electrical Engineering, or an equivalent professional qualification, registrable with the Council of Registered Engineers of Nigeria (COREN). In addition, they must have acquired at least seven (7) years post qualification practical experience in an Electricity Supply Industry.

THE JOB:

The successful candidates will plan, schedule and co-ordinate the planning, construction, operation and maintenance of distribution facilities in a District Undertaking, and directly supervise staff engaged in these activities. They will also review and approve plans for distribution improvement and extensions, load readings, network studies and surveys in order to ensure that the quality of power supplied to consumers complies with statutory requirements. Other related assignments will be handled from time to time.

REMUNERATION:

Appropriate salary point in Grade Level 12 i.e. N7,104 x 216-N7,752 per annum will be offered to the right candidates, depending upon their qualifications and experience. The post also attracts several fringe benefits including housing and car allowances, leave grant and medical facilities for self and family.

Contract appointment will be offered to non-Nigerians, the terms of which will be discussed at the interview.

METHOD OF APPLICATION:

Applicants in Nigeria can obtain application forms from the Director of Personnel, Electricity Headquarters, 24/25 Marina, Lagos, or any of the Directors of Operations/Directors of Distribution/District Managers/Undertaking Managers within the country; while applicants in the United Kingdom can obtain application forms from the Authority's Resident Engineer, NEPA, London Office, Westminster Bridge Road, London, S.E.1.

All completed application forms must reach the Director of Personnel, Electricity Headquarters, 24/25 Marina, Lagos, Nigeria, not later than Friday, 26th May, 1978.

Swaziland
Accountant

A qualified accountant, aged between 27 and 45, with at least three years' Co-operative experience is required by the Central Co-operative Union of Swaziland in Manzini.

The successful candidate will be responsible for keeping CCU accounts up-to-date, and for the production of financial statements and monthly trial balances. He will also be required to make financial reports to CCU committee meetings annual financial reports to the A.G.M., and will be expected to undertake on the job training.

Salary is up to the equivalent of £6761 pa including a substantial tax-free allowance paid under Britain's overseas aid programme. Basic salary attracts 25% tax-free gratuity.

Benefits include free passages, generous paid leave, children's holiday visit passages and education allowances, outfit allowance, subsidised housing, appointment grant and interest-free car loan.

The terms on which civil and public servants may be released if selected for appointment will be subject to agreement with their present employers.

For full details and application form write quoting MC/849/ FT

Crown Agents

The Crown Agents for Oversea Governments and Administrations. Recruitment Division.
4 Millbank, London SW1P 3JD.

ACCOUNTANT

$20,000 tax free & Accommodation Caribbean

Capable Chartered Accountant sought, preferably with experience in accounting in agricultural business. The candidate in question, whose preferred age would be 35-45, should have had experience in the establishment of book-keeping records, budget control and analysis and preparation of cash flow projections. Location for the position is Belize City, Belize. The position is in a group with banking and agricultural interests in Belize and other parts of the Caribbean. Salary of up to US$20,000 per annum, net of tax, offered together with free furnished accommodation, car, air fare paid leave to Europe every two years.

Please reply with curriculum vitae to
Reference 16
43 BERKELEY SQUARE, LONDON W1X 5DB

COMMERCIAL DIRECTOR

£10,000 p.a.
with excellent fringe benefits

A new appointment for a Commercial Director for a company specialising in electronic servicing activities to the oil industry. The company is based in Aberdeen with offshoots in Houston and Canada. The company is directed and managed by a young successful team of technical specialists.

The Director will be responsible for setting and maintaining the policies on which sales and purchases are made world wide. He/she will control the accounting, purchasing and contracts department and must be able to bring to the job real knowledge, skill and imaginative leadership to suit a business well placed for wrowth, bigger profits and better cash flow.

He/she will probably be aged between 30-45, initially qualified in accountancy, and a formal business school qualification will be an asset.

The job location is desirable. He/she will be well placed for further advancement in the group. Assistance will be given with removal and transfer costs.

Replies in strict confidence should be addressed to the Chairman with full C.V. and stating relevant achievements. Address replies to:

J. H. F. Macpherson,
Messrs. Touche Ross & Co.,
100 West Nile Street,
Glasgow G1 2QQ.

JUNIOR EUROBOND DEALER

An international investment bank located in Mayfair area seeks a Junior Dealer with 6-12 months' experience to operate in the field of Japanese convertible bonds. A knowledge of Schweizer-Deutsch will be an advantage. The salary envisaged will be around £5,000 per annum, plus free buffet luncheon.

Applications in writing to Box A6346,
Financial Times, 10, Cannon Street, EC4P 4BY.

ASSISTANT ANALYST

A challenging vacancy exists for a young analyst to specialise in selected shares with some emphasis on the engineering sector.

The ability to write statistical reports quickly and concisely is also essential.

There are good opportunities for advancement. Salary negotiable.

Please write to
The Research Partner
DUFF STOOP PIM VAUGHAN
THE STOCK EXCHANGE
LONDON EC2

STOCKBROKERS

Interesting opportunity. Vacancy in Private Clients department of large firm. Experienced Assistant (aged 25-35) required for Partner. Candidate will have passed S.E. Exams. Capable of managing clients' portfolios without constant supervision. Good prospects.

Please write Box A.6360,
Financial Times, 10, Cannon Street, EC4P 4BY

PERSONAL ASSISTANT/SECRETARY

MANAGING DIRECTOR OF INTERNATIONAL GROUP OF TEXTILE COMPANIES REQUIRES PERSONAL ASSISTANT/SECRETARY FOR A LONDON OFFICE

The work will be varied and some bookkeeping knowledge will be essential, but additional training will be provided. A top salary will be paid to the person capable of accepting this responsible position. For appointment telephone 01-328 7151 or 01-328 2727 reference M.E.

ART GALLERIES

BLOND FINE ART, 33, Sackville St., 01-437 1230. MAXWELL BLOND Paintings and Watercolours. Until 3 June. Mon.-Fri. 10-6. Sats. 10-1.

OMELL GALLERIES. Fine British and French MODERN PAINTINGS and Modern British MARITIME PICTURES. 40, Albemarle Street, Piccadilly, W.1.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Exhibition of Old marine, military and sporting and topographical prints and paintings and ships models.

WILDENSTEIN. A Loan Exhibition of TWENTY MASTERPIECES FROM THE NATALE LABIA COLLECTION. Weekdays 10-5.30. Saturdays 10-12.30, until 25th May. Admission 50p in aid of the City of Birmingham Appeal Fund. 147, New Bond Street, W.1.

COMPANY NOTICES

CONSOLIDATED COMPANY, BULTFONTEIN MINE, LIMITED
GRIQUALAND WEST DIAMOND MINING COMPANY, DUTOITSPAN MINE, LIMITED

(Both incorporated in the Republic of South Africa)

DECLARATION OF DIVIDENDS

Notice is hereby given that the directors of the above-mentioned companies have declared dividends for the half-year ending 30th June, 1978, payable to shareholders registered in the books of the respective companies on 30th June, 1978. The dividends have been declared in the currency of the Republic of South Africa.

Warrants will be posted from the Kimberley and the United Kingdom Offices of the transfer secretaries on or about 3rd August, 1978. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 25th July, 1978 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the companies' transfer secretaries in Kimberley or in the United Kingdom on or before 30th June, 1978.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the companies and also at the offices of the companies' transfer secretaries in Kimberley and the United Kingdom.

Company	South African Currency Per Share
Consolidated Company, Bultfontein Mine, Limited	5 cents
Griqualand West Diamond Mining Company, Dutoitspan Mine, Limited	25 cents

By order of the Boards
For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. Greensmith

London Office:
40 Holborn Viaduct
EC1P 1AJ.

Office of United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street, Ashford
Kent, TN24 8EQ

15th May, 1977.

EUROPEAN INVESTMENT BANK

$7\frac{1}{4}$ per cent. 1973/1988 FF 200,000,000 Loan

Notice is hereby given to bondholders of the above loan that a fifth redemption of FF 7,000,000 was effected before May 15, 1978.

Amount outstanding on May 15, 1978: FF 165,000,000

Luxembourg, May 16, 1978

COMMERZBANK AKTIENGESELLSCHAFT

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 12th May, 1978, a Dividend for the year ended 31st December, 1977, will be paid, as from 16th May, 1978, of DM.6.50 per share of DM.50 nominal held, against presentation of Coupon No. 36 or lodgement of London Deposit Certificates for marking Square No. 30.

All dividend payments will be subject to a deduction of German Capital Yields Tax of 25%.

Coupons and London Deposit Certificates should be lodged with:—
S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London EC2P 2DL,
from whom appropriate claim forms can be obtained.

Coupons will be paid at the rate of exchange on the day of presentation.

Payment in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of the dividend on the equivalent shares deposited in Germany.

United Kingdom Income Tax will be deducted at the rate of 19% unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agent will, upon request, provide Authorised Depositaries with the appropriate form for such recovery.

COMMERZBANK AKTIENGESELLSCHAFT
16th May, 1978.

DIVIDEND ANNOUNCEMENT

For the third quarter of the year ending 30 June, 1978, Impala Platinum Limited has declared a dividend of 20 cents per share (third quarter 1977—20 cents). In consequence thereof, Bishopsgate Platinum Limited has declared a dividend of 2 cents per share, notice of which is set out hereunder.

DECLARATION OF DIVIDEND NO. 19

NOTICE IS HEREBY GIVEN that dividend No. 19 of 2 cents per share, being the third interim dividend for the year ending 31 August, 1978, has been declared payable to members registered in the books of the company at the close of business on 2 June, 1978.

The transfer registers and registers of members will be closed from 5 to 9 June, 1978, both days inclusive, and dividend warrants will be posted from the Johannesburg and London transfer offices on or about 4 July, 1978.

Members paid from the United Kingdom will receive the United Kingdom currency equivalent on 20 June, 1978, of the rand value of their dividends (less appropriate taxes).

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the Johannesburg and London transfer offices of the company.

15 May, 1978.

By Order of the Board,
VAUGHAN, KEY & PAYNE
Secretaries
per R. G. E. BILLING

Registered Office:
Fourth Floor,
Annuity House,
18 Rissik Street,
Johannesburg.
2001.

Transfer Secretaries:
Union Corporation Limited,
74-78 Marshall Street,
Johannesburg.
2001

Granby Registration Services,
Granby House,
95 Southwark Street,
London, SE1 0JA.

I.C.I. INTERNATIONAL FINANCE LIMITED

Copies of the 1977 Annual Accounts of I.C.I. International Finance Limited can be obtained from Registrar's Department, Imperial Chemical Industries Limited, Millbank, London SW1P 3JF.

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP Show at Midnight and 1 a.m. Mon.-Fri. Closed Saturdays. 01-437 6455

LEGAL NOTICES

No. 001429 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of INTER CITY BUILDING CONTRACTORS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 5th day of May 1978, presented to the said Court by HARRIS & BAILEY LIMITED whose registered office is situate at 2-14, Hastings Road, Croydon CR9 6BR, Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 12th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2 3, Hind Court,
Fleet Street,
London, EC4A 3DS.
Ref: F-TTH. Tel: 01-353 9511.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of June 1978.

No. 001436 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NAGOSTAR LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 5th day of May 1978, presented to the said Court by M. C. M. MACHINE SALES LIMITED whose registered office is situate at 3 The Buildings, Rawreth Industrial Estate, Rawreth Lane, Essex, a Creditor of the above-named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 12th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHLEY KALMS TRAVELL & CO.,
56, London Road,
Southend-on-Sea,
Essex, SS1 1QQ.
Ref: DRC.SM M445.
Tel: (0702) 354435.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of June 1978.

No. 001490 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of GOODMAN PRICE BARNES & PARTNERS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 10th day of May 1978, presented to the said Court by SCAFFOLDING (GREAT BRITAIN) LIMITED whose registered office is situate at: 23, Willow Lane, Mitcham, Surrey, Scaffolding Specialists, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 12th day of June 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2 3, Hind Court,
Fleet Street,
London EC4A 3DS,
Ref: F.BH.ZB. Tel: 01-353 9511.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of June 1978.

PERSONAL

URGENT—The Marie Curie Memorial Foundation is profoundly grateful to those kind friends who have to date made interest free loans enabling us to commission our two new homes caring for over 100 seriously ill cancer patients. However, more loans, providing a wonderful dividend in the relief of human suffering, are urgently needed to finance the outstanding capital cost amounting to £¼ million. Will you please help? Repayment guaranteed at 6, 12 or 24 months, or on 7 days call. Details from the Secretary, 124, Sloane Street, London, SW1 9BP. Tel. 01-730 9158.
IN DEED IT IS

MOTOR CARS

SCULPTURE FOR MOTOR CARS & MOTORISTS

THE QUORN COLLECTION
FREEPOST 78
NOTTINGHAM NG7 1BP

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	4.50	14.00
Residential Property	2.00	6.00
Appointments	4.50	14.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses For Sale/Wanted	5.25	16.00
Education, Motors, Contracts & Tenders, Personal, Gardening	4.25	13.00
Hotels and Travel	2.75	10.00
Book Publishers	—	7.00

Premium positions available
(Minimum size 40 column cms.)
£1.50 per single column cm. extra

For further details write to:
Classified Advertisement Manager,
Financial Times,
10, Cannon Street, EC4P 4BY.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

INTERNATIONAL TRADING COMPANY

with strong links in Africa, Middle East and South America would welcome contact with manufacturers seeking responsible representation.

Write Box G.1862, Financial Times, 10, Cannon Street, EC4P 4BY.

'PRODUCTION CAPACITY'

A factory specialising in electronic high-quality light electrical/electronic assembly and testing is looking for additional work to fill an intermediate shortfall in load. Skilled labour and supervision can be made available in the short term for global rates of less than £3/hour/operator.

We should be pleased to hear from any concern who could be interested in taking in excess of 2,000 hours of capacity.

Up to 40 operators can be made available immediately. Long-term arrangements can be made where mutually acceptable. Work other than electrical/electronics can be considered.

Write Box G.1883, Financial Times, 10, Cannon Street, EC4P 4BY.

NEW PRODUCT LINES

for D.I.Y. builders' merchants, protective clothing, industrial cleaning, contractors' plant, equipment, and general industrial outlets, required to enhance existing range of items marketed in U.K. and overseas by publicly quoted group company.

Write Box G.1925, Financial Times, 10, Cannon Street, EC4P 4BY.

Art and Decorative Iron Work

We are a major European ferrous foundry with origins at the very roots of the industrial revolution and a brand name which says that.

We are proud of our continuous link with the past and have retained many of our traditional skills. These have always found ready and select outlets but no serious attempt has been made to commercially exploit our opportunities in this field on any scale during the last fifty years.

We are interested in hearing from any individual or organisation who feels that they have the knowledge and capability to lead a venture project aimed at re-developing this market in which we were once supreme.

Write Box G1926, Financial Times, 10, Cannon Street, EC4P 4BY.

GENTLEMAN
Dublin-based

presently senior executive in steel industry, has spent a lifetime selling sophisticated capital and consumable products to the engineering and maintenance industries seeks challenging and rewarding propositions, not necessarily in above fields. Start up situations of particular interest. But all offers will receive careful consideration. Please reply to:

Please reply to

Box G1929, Financial Times, 10, Cannon Street, EC4P 4BY.

DIRECTOR/M.D.

Wonders whether his considerable knowledge and Professional qualifications in Construction, Property and Allied Industries can be put to extended mutually beneficial use! Totally growth orientated. Would enjoy deep involvement in re-structuring, acquisitions, diversification and expansion from sound base with High Board position or Consultancy in London. Direct discussions only in confidence.

Write Box G.1924, Financial Times, 10, Cannon Street, EC4P 4BY

PRODUCTS WANTED

Light engineering company, rapidly growing subsidiary of U.K. group, wishes to expand its product range through licensing or acquisition.

Write Box G.1936, Financial Times, 10, Cannon Street, EC4P 4BY.

MAURITIUS

being visited by Managing Director mid-June interested in securing additional assignments.

High cost capital equipment with airport application of particular interest.

Breene Tel. 0580 291285

Telex 95653

SPARE CAPACITY

Do you require a product to manufacture to take up spare capacity?

Write Box G1653, Financial Times, 10, Cannon Street, EC4P 4BY.

SMALL FURNITURE MANUFACTURING BUSINESS

with profitable Order Book requires additional working capital in order to meet its present sales. This is an opportunity either for a straightforward investment or an investment with a working Directorship. Please enquire in confidence to Roy Fenton, Chairman, Chief Executive Assignments Ltd., the Clients Advisors, at 9 Manchester Square, London, W.1.

PARTNERSHIP AVAILABLE FOR PERSON WITH PLEASING PERSONALITY

Good appearance and address

Willing to travel, step in and take a hand

Young enough in heart to learn in return for ample salary and share of profits.

Investment of £15,000 required.

Please reply to Box G.1939,

Financial Times,

10, Cannon Street, EC4P 4BY.

FINANCE
To Solicitors, Trustees, etc.

1st Mortgage(s) required up to £500,000, redeemable 5-15 years, on newly erected blocks of two-storey flats all fully let. Market value £1,500,000. Box G.1927, Financial Times, 10, Cannon Street, EC4P 4BY.

ONE MILLION U.S. DOLLARS CASH

WILL BUY UNIQUE INVESTMENT COLLECTION OF SILK PERSIAN CARPETS AND RUGS

from 4m x 3m to 1.90m x 1.35m

Principals only.

Write Box G.1931,

Financial Times,

10, Cannon Street, EC4P 4BY.

SAUDI ARABIA
Company Business Law
UNITED ARAB EMIRATES
Company Business Law
LIBYA
Company Business Law
QATAR
Company Business Law
OMAN
Company Business Law

Five complete expositions covering all Business Commercial, Tax, Oil, Banks & Company Laws. Edited by M. A. Nafa, Lawyer. Hardback — approximately 440 pages each. Printed by Oxford University Press. £35 each plus p. and p. Order from —

ARAB CONSULTANTS FOR ARABIC LAWS

1A Ennismore Gardens Mews, LONDON SW7 1HX

Tel.: 01-589 4295. Telex: 916503

RETAIL COMPANY HAVE 107 GRACE AND FAVOUR HOUSES FOR SALE

These are modern bungalows and semis valued at £12,000 each. They are leased, not rented to elderly tenants at Peppercorn Rents. At today's values are worth £1.3m. Buyer sought at £650,000. A second similar batch will be available at a future date. Excellent long term investment, showing 22% growth P.A. Write for details:

PARTRIDGES MAIL ORDER CO. LTD.,

20, Central Road, Leeds

ESTABLISH IN THE U.S.A.

To assist U.K./European Mfrs., etc., to establish in America a complete service is offered.

- Market Evaluation
- Location & Evaluation of: Company Acquisitions, Distribution & Manufactg. facilities, etc.

For brochure, etc. contact:

INDUSTRON consulting

270 Madison Avenue

New York, N.Y. 10016

Telex: ITT 423067

GET YOUR OWN FACTORY IN SPAIN

without investment and saving labour costs. We offer our know how as manufacturer of complete industrial machines or spare parts. Please send us suitable information and our engineers will send you our best ex-works quotation.

Post Box 9275 BARCELONA, SPAIN

TAX LOSS COMPANY REQUIRED

WITH AGREED CAPITAL LOSS OF APPROX. £150,000

Write Box G.1928, Financial Times, 10, Cannon Street, EC4P 4BY

IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM. Buy save up to 40 p.c. Lease 3 years from £3.70 weekly. Rent from £29 per month.

Phone: 01-641 2365

LIFE IS GOOD AND MONEY IS SAFE IN SWITZERLAND

Rent or buy an apartment in Crans, the lovely sunny Alpine golf and ski resort. Private and business investment opportunities.

Please contact

Andrew Bainbridge, 14 Dover Street, London, W.1. (01-491 1452)

£1 A WEEK for EC2 address or phone messages. Combined rates + telex under £3 a week. Prestige offices near Stock Exchange. Message Minders International. 01-628 0898. Telex 8811725.

M.F.Y. YACHT 57 —Gardner diesel, well equipped, skipper maintained, excellent order. 3 double, 1 single cabins, saloon, deckhouse. Ideal home or charter yacht. £37,500 offers invited. — Dartmouth 08043 2137.

COMPUTERISED payroll service. Write or ring C. & N. Bookkeeping & Payroll Co., 214 London Road, Southend on Sea. Tel 0702 354870.

MANUFACTURERS OF LIFE RAFTS seek additional working capital in excess of £50,000—for further details write Box G.1923, Financial Times, 10, Cannon Street, EC4P 4BY.

HEATING AND VENTILATION Company for sale. Annual turnover £60,000 and increasing. Good reason for sale. North East location. Write Box G.1922, Financial Times, 10, Cannon Street, EC4P 4BY.

LIMITED COMPANIES

FORMED BY EXPERTS

FOR £78 INCLUSIVE

READY MADE £83

COMPANY SEARCHES

EXPRESS CO. REGISTRATIONS LTD.

30 City Road, E.C.1.

01-628 5434/5/7361, 9936

BUSINESSES FOR SALE

WESTERN CANADA—SCAFFOLDING RENTAL
FOR SALE

Company specialising in the rental of scaffolding and shoring to the construction industry with over 20 years' operating experience. The company dominates its present market both in sales and technical innovation and is an authorised distributor of Western North America's largest scaffolding manufacturer.

Present owners will consider either a management contract with prospective purchasers or a partnership arrangement.

Principals only should contact:

JOHNSTON, RICKARD, CRAWFORD

Chartered Accountants

CANADA Tel: (604) 684-8484

WESTERN CANADA—CRANES

Construction Crane and Hoist rental company for sale

The organisation is the major supplier in its present market and the authorised distributor for two leading international manufacturers. Growth prospects are excellent.

Present owners will consider either a management contract with prospective purchasers or a partnership arrangement. Principals only contact.

JOHNSTON, RICKARD, CRAWFORD

Chartered Accountants

CANADA Tel. (604) 684-8484

AUTO PREPARATION AND STORAGE COMPANY

An opportunity for investment in established business engaged in the storage and pre-sale preparation of new cars. Extensive, excellently situated freehold property 8.5 acres (up to 2,000 cars). Good trade connections. Turnover £50,000 with potential. Principals only are invited to contact Box G.1932, Financial Times, 10, Cannon Street, EC4P 4BY, for further details.

FENCING CONTRACTORS
SCOTLAND

Successful established business. 2 Depots.

Aberdeen and Edinburgh. Turnover £700,000

Good order book, low overheads

Write Box G1940, Financial Times

10 Cannon Street, EC4P 4BY

FOR SALE

A privately-owned furniture manufacturing company, employing 80. Situated South-East England, producing a variety of lounge furniture, including quality show-wood frames for both the contract and retail markets.

Turnover in excess of £1 million per annum, asking price £575,000, including freehold and long-leasehold, plus stock and work-in-progress at valuation. Write Box G.1935, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESS FOR SALE
Private Company in West Midlands

Packing Case & Industrial Woodworking Manufacturers

Leasehold premises—5,800 sq. ft. of workshops and offices

Well situated for access to Motorway network.

Price for leasehold premises, value of business and plant & machinery

£28,000

Full details from:

Robinson, Osborne & Moules, Chartered Surveyors, 153/161 New Union Street, Coventry CV1 2PL. Tele: 0202 57321.

COMPANY FOR SALE

An 18-year-old Steel Stockholding Company located in the West Midlands. The profits have shown consistent growth without losses to reach the current level of in excess of 150,000.

The Managing Director and principal shareholder is prepared to remain with company if required.

Write Box G.1889, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE

Controlling interest in Quoted Company. Main dealers in motor garage business in Provinces. Directorship available. Price circa £200,000. Principals with Bankers able to substantiate suitable funds apply Managing Director Box G.1902, Financial Times, 10, Cannon Street, EC4P 4BY.

FISH FARMING LEASEHOLD OPPORTUNITY

A rare opportunity occurs to purchase the leasehold of a new intensive fish farm in Southern England. Established management and marketing arrangements.

Minimum capital required, £50,000

Details from:

FIELD, STREAM & COVERT (England) LIMITED

Fish Farming Managers, Engineers and Scientists

Meriden, Warwickshire CV7 7LJ

SALE OR MERGER

Old established wholesale tool merchant in Central London.

T/O £450,000.

Write Box G.1937, Financial Times, 10, Cannon Street, EC4P 4BY.

PRINTING INDUSTRY

Specialist reproduction business with t/o approx. £750,000 p.a. Greater potential. High productivity equipment and low staffing ratio. International reputation. For sale around £900,000. Principals only apply in strict confidence to:

Box G.1913, Financial Times, 10, Cannon Street, EC4P 4BY.

PROPERTY INVESTMENT COMPANY

For sale by tender

A property investment company with an asset value in excess of £100,000. Enquiries to Messrs. John Lewis & Co., Chartered Accountants, 21 Bennetts Hill, Birmingham B2 5QP

BRITISH LEYLAND RETAIL DEALERS

Freehold Site and Showroom. Servicing and petrol sales. Turnover £400,000. Nottinghamshire town, £60,000 + stock.

Mr. Giles, Beardsley Theobalds, Chartered Surveyors, 22 Market St., Nottingham 0602 48751.

BUSINESSES WANTED

Public Company wishes to acquire Business with potential Up to £1,000,000 +

Existing Management retained

All replies treated in strict confidence.

Please apply to Box G1933, Financial Times, 10, Cannon Street, EC4P, 4BY.

WANTED

Private engineering company wishes to acquire a business which supplies the civil engineering industry:—

—Tie-rods and heavy fasteners

or

—Non-mechanical equipment

Location Midlands. Turnover £1m.

Write in confidence to The Chairman, Box K.967, Walter Judd Limited (Incorporated Practitioners in Advertising), 1a Bow Lane, London EC4M 9EJ.

DO YOU WANT TO SELL YOUR COMPANY

We are seeking to acquire and manage an established business preferably manufacturing with sound assets backing. May interest shareholder/director wishing to retire. C.T.T. or C.G.T. arrangements possible.

Write Box G1938, Financial Times, 10, Cannon Street, EC4P 4BY.

WANTED

An established private company with seven-figure sales, good profit record and adequate funds, trading mainly in high value material for engineering, electronic and chemical industry, seeks association with a company of comparable size, possibly manufacturing high-quality equipment in a complementary field with the object of widening its trading base and strengthening management.

Principals only should contact Auditors at Box G.1893, Financial Times, 10, Cannon Street, EC4P 4BY.

MAJOR FOOD GROUP

IS INTERESTED IN PURCHASING CONFECTIONERY COMPANY MANUFACTURING FRUIT-FLAVOURED JELLIES

Write in strictest confidence to: Box G.1934, Financial Times, 10, Cannon Street, EC4P 4BY.

FREIGHT FORWARDING—London, South West or Midlands. Controlling interest or purchase. Write Box G.1930, Financial Times, 10, Cannon Street, EC4P 4BY.

APPOINTMENTS

Executive posts on Royal London Mutual Board

Mr. B. G. Skinner has been appointed deputy chairman of the ROYAL LONDON MUTUAL INSURANCE SOCIETY in addition to his position as a director and chief general manager. Mr. W. H. Forsey has become deputy chief general manager and continues as a director and general manager in charge of the field division. Mr. F. J. W. Gana and Mr. C. Brill have joined the Board and remain secretary, and investment manager respectively.

★

BANQUE CANADIENNE NATIONALE has opened its London branch at Portland House, 72/73 Basinghall Street, EC2. Senior manager of the new branch is Mr. Maurice E. Constant, a former general manager of Grindlays Bank.

★

Mr. Graham Holehouse has been appointed deputy managing director of JAS. BROADLEY. Mr. Holehouse joined Broadley in 1973 as secretary and chief accountant and a year later became finance director.

★

Mr. Patrick Bailey has been appointed to the new post of exploration manager, CLUFF MINERAL EXPLORATION, a subsidiary of Cluff Oil.

★

Mr. Roy Lansdown has been appointed to the new post of director, coal mining equipment division, by BOART INTERNATIONAL. He is succeeded as general manager of Diacarb, a Boart group company in Ndola, Zambia, by Mr. John Carr, assistant general manager. Mr. Lansdown has moved to Johannesburg to take up his new appointment.

★

Mr. David Cramb, a director of Rowntree-Mackintosh has been elected chairman of the CAKE AND BISCUIT ALLIANCE. He succeeds Mr. Bill Bowman, a director of United Biscuits (UK), whose two-year term of office ended at the Alliance's annual meeting. The new vice-chairman is Mr. William A. Palmer, a director of Associated Biscuits. Mr Gordon Palmer, chairman of Associated Biscuits, has been elected an honorary vice-chairman. Mr. Harry Larrett, formerly deputy secretary, has been appointed secretary to succeed Mr. Robert Nimmo, who has retired. Mr. Brian H. Lawson has been appointed deputy-secretary.

★

Mr. Richard Wilkinson has been appointed finance director of Sandle Brothers, Cranford Distributors (Supplies) Limited and Cranford Distributors (Direct Sales), the constituent companies of the wholesaling and importing divisions of PENTOS GROUP.

Mr. Wilkinson was previously managing director of Hastand. Mr. David Payne and Mr. Noel Halsey have joined the Board of Marshall, Morgan and Scott Publications, a member of Pentos Group. Mr. Payne joined Marshall, Morgan and Scott Publications in 1976 as chief executive, record division. Mr. Halsey has been marketing manager of the company since early 1977.

★

AUSTRALIA AND NEW ZEALAND BANKING GROUP. Following the appointment of Mr. P. J. Burchette as manager (City office), Mr. M. P. Polton becomes senior manager (international finance) and Mr. C. R. Maltby, manager (bills and credits).

★

Dr. John Mungavin has been appointed medical director of the ASSOCIATION OF THE BRITISH PHARMACEUTICAL INDUSTRY. Dr. Mungavin, who has been director of medical affairs with the Sterling-Winthrop group in Europe since 1967, is expected to take over his new post next month.

★

Mr. G. P. R. McGuinness-Smith has been appointed a director of JOSEPH SAMUEL AND SON.

★

Mr. G. Leiser, managing director of Jeltek and Mr. S. J. Redstone, managing director of Lesser Land, have been appointed group directors of the parent company, J. E. LESSER AND SONS (HOLDINGS).

★

Mr. Peter J. Wall, managing director of J. I. CASE COMPANY UK, has taken over responsibility for all Case/Poclain operations in the UK.

★

Mr. Graham Pickering has been appointed group financial director and company secretary of WRIGHT AIR CONDITIONING.

★

Mr. Alan van Cuylenburg, director of personnel and management services has been appointed managing director of RONSON PRODUCTS.

He succeeds Mr. Charles Duffield, who is retiring because of ill-health but remains with the company as a consultant. Mr. Colin Cookman has resigned as a director to take up another appointment.

★

Mr. David Morris has rejoined the ABBEY LIFE ASSURANCE COMPANY as an assistant director and head of the broker division.

★

Mr. C. A. Keeley and Mr. A. P. Simonian have been appointed directors of the NINETEEN TWENTY-EIGHT INVESTMENT TRUST.

★

Mr. C. F. Flesch, managing director of BREMAR INSURANCE SERVICES, has been appointed chairman. Mr. M. Ransom-Witt and Mr. R. E. Deglow have become joint managing directors. The company is a member of the Bremar Holdings group.

The Management Page

EDITED BY CHRISTOPHER LORENZ

Painting a new image in the boardroom

After yesterday's article on non-executive directors, DAVID LASCELLES reports from Ohio on a company's pace-setting decision to have 80 per cent outsiders on its board

THE current debate in the U.S. about corporate responsibility has focused most sharply on the role of company directors, that privileged but increasingly harrassed breed of men (and in a growing number of instances, women) who are being called on to account not just to shareholders, but to the community at large.

In the words of the chairman of the Securities and Exchange Commission, Mr. Harold Williams, the corporation these days plays a "quasi-public" role, in some cases because of its size, in others because of its functions. And this means it can no longer conduct itself on a purely economic basis. Social considerations play a role too.

Many companies have accepted these broader responsibilities by taking on more outside directors, some out of a sense of social duty, some because they had no choice, and others because they felt it would do the company good.

Among the companies which have undergone a major transformation on this account is Sherwin Williams, the largest manufacturer of paints and wall coverings in the country, which has its headquarters on the banks of Lake Erie in Cleveland, Ohio. In recent months, the company has completely reshaped its board, drawn up new rules for electing directors, and put itself on what it hopes will be a more prosperous path.

Prosperous, because one reason why Sherwin Williams opted for change is that its operations had got bogged down with a conservative management, outdated equipment and an unnecessarily broad range of products.

Founded as long ago as 1865, Sherwin Williams was, by the second half of the 20th century, a large but old-fashioned company, where 83 per cent. of production came from equipment over 50 years old.

In 1971, a new chairman, Walter Spencer move in. He gave the company a thorough shake-up, modernising equipment, narrowing product lines and improving management practices. But perhaps the most significant thing he did was arrange for the appointment of a Board Composition Committee, composed solely of outsiders, to look into the way the Board worked, and recommend improvements.

That was in 1973. By 1977 Mr. Spencer's company shake-up had still not borne the expected fruits in terms of smaller debts and bigger profits, thanks partly to the highly challenging nature of the U.S. paints market. (Mr. Spencer resigned several weeks ago, claiming that "the job is no longer fun.") But another reason could have been that the company's Board was not of the best.

At the beginning of last year, the Board consisted of 14 people. Six of them were insiders, including Mr. Spencer, who was both chairman and chief executive officer, Mr. William Fine, the president and chief operating officer, and four vice-presidents who represented the company's main divisions.

In view of the Board Composition Committee, this set-up did not serve the company's interests on three counts. The balance was too heavily weighted in favour of insider representation, the spectrum of non-company interests was too narrowly reflected, and the three-year terms of office for which directors were elected was too long.

Although the composition of the Sherwin Williams' Board was comparatively usual by U.S. standards, it nevertheless accepted the Board Composition Committee's recommendations, and put them to last month's annual meeting—where they were approved.

As a result, four of the Sherwin Williams' management directors lost their seats, and Mr. Spencer's resignation brought the size of the Board down to nine. Of this number only two, William Fine, company president, and Richard Bull, vice-chairman, were insiders, meaning that in one swift blow the Sherwin Williams' Board had become nearly 80 per cent. outsider.

In another big change, shareholders voted to elect directors for one year only—instead of voting on a third of the Board every year—and abolished the post of chairman by not appointing a successor to Mr. Spencer.

The changes attracted a lot of publicity; though none of these measures was essentially new, they had seldom been introduced on such a scale all at once.

"We are not conscious of leading the field with these changes," Mr. Fine says. "We introduced them because we felt the company needed them. But obviously we are aware of recent changes in concepts of corporate governance."

Mr. Fine explained that Sherwin Williams wanted a board with, at most, two inside directors, the rest to be "people with broad experience in business, politics, government and the environment who bring some wisdom which might not otherwise be available to us."

The company also believes that reducing the number of employee directors will ensure that board decisions are not "management-dominated." Company officers will still be called on to give information and reports, but they will not vote.

The idea behind reducing the length of service of directors and of putting them up for re-election each year is to make them more sensitive to shareholders' interests. As for doing away with the post of chairman, the company says that it is neither necessary nor required by law. Sherwin Williams has at times in the past operated without a chairman and would prefer to do so now, but Mr. Fine will effectively take that role when necessary.

Having taken these highly laudable steps, Sherwin Williams now faces the task of finding a set of suitable outsiders to fill the gaps on its board. The indications are that this will not be easy. Apart from the obvious qualifications of experience and knowledge, directors are also sought for what Mr. Fine described as their "availability."

There is no point, he indicated, in having directors who do not or cannot attend board meetings, since this rather reduces the point of having outsiders at all. A frequent criticism of outside directors is their tendency to turn up only to collect an attendance fee, while contributing little or nothing to the discussions.

Mr. Fine would also like to have female representation on his board, but this presents possibly even greater problems, because women tend to be both less experienced and available than men. But while he said directors should also represent community interests, he did not feel that race should be a factor.

It is obviously too early to say whether Sherwin Williams will benefit from this Board room shakeup, but changes of this kind are generally welcome in political and community circles, since they appear to improve corporate accountability.

On the other hand, there is the view that Sherwin Williams was in such dire straits—having failed after seven years of restructuring to move into steady profits—that the management was forced by the fear of being thrown out en masse, to accept a greater outsider weighting on the Board. The management might also have feared that as a field leader with a depressed share price, Sherwin Williams was ripe for takeover, possibly by a large chemical company looking for diversification.

But the view that the management felt threatened runs counter to the conspicuous fact that at last month's annual meeting, when the company announced plans to reform the Board, there was not a single question from the floor, though Mr. Fine had prepared himself for a barrage.

This seems to confirm that shareholders these days tend to be speculative investors who will sell their holdings when a company performs badly, rather than people who will protect their investment by demanding changes in the company.

If this is so, the impetus for Boardroom reform will have to come from either management or the Boardroom itself; in this regard, Sherwin Wililams could well be setting a pattern.

Fighting hard to get a grip on diversification

BY RHYS DAVID

IT IS a big stride from electrical consumer goods to jute. But this is the path which Brian Gilbert, chief executive at Low and Bonar, has travelled since an assignment took him to Scotland 14 years ago.

An accountant by training, Mr. Gilbert was despatched by EMI, the Middlesex-based giant, to its Morphy Richards subsidiary at Dundee, where an investment programme had not produced the right results. After its successful completion, he decided against a return South, and stayed on in Scotland with Nairn Williamson, the floorcoverings group at Kirkcaldy. In 1973 he moved back to Dundee and joined Low and Bonar, a sizeable, if little known, name in British business, with interests in packaging, engineering, textiles and floorcoverings, and a turnover last year of £113m.

At EMI Mr. Gilbert had spent part of his time with the group's team of internal management consultants, and it has been the problem-solving approach which he has again had to bring into play at Low and Bonar.

Before his arrival the company was by no means unsuccessful, but it was facing problems, not least the lack of any obvious management succession. A change of direction was needed, as the board at that time realised, if an essentially conservative Scottish group was to be brought up-to-date.

The problem was partly that the company's growth over the years had happened more or less by accident. Merchanting of Dundee jute products—the original business in 1903—later developed into manufacturing, spread overseas to Canada and Africa and also into other businesses in the U.K., including electrical engineering. While still making profits, the group had become vulnerable to changes in technology, in particular the replacement of jute, and to over-dependence on markets showing a low rate of growth or in potentially risky parts of the globe.

In Britain, the traditional outlets for jute in packaging and in carpet backing have been largely lost to man-made alternatives. Although Low and Bonar had invested in the newer materials, the process of adaptation still had a long way to go. In its other main U.K. area of activity—electrical engineering — the group, through its Bonar Long subsidiary, had a big share of the U.K. transformer market, but since only 20 per cent. of production was expected, it was susceptible to cutbacks in U.K. public expenditure.

Attempts at diversification had met with mixed results. Like a number of other Dundee jute concerns, the group had made a move into polypropylene carpet backing through an extruding and weaving operation, set up jointly with Sidlaw and later taken fully into Low and Bonar control. Efforts to move directly into the floorcoverings market with a new carpeting product had met with less success. The venture, started in 1971, ran into losses both because of Low and Bonar's own lack of knowledge of the carpet industry, and because of difficulties with the equipment acquired for the manufacturing process.

The extent of the problem in the U.K. was reflected in the 1974 results. Though the group managed to produce profits of £6.7m. on a turnover of £61.6m., only £44,000 came from U.K. sales, with more than £4m. coming from Canada and £2.5m. from Africa.

Yet in both these markets there were also signs of problems ahead. In Canada the group has a substantial share of the packaging market. The profits in 1974 were the result of the severe shortages at that time in packaging; the boom conditions were later to disappear.

In Africa, Low and Bonar makes textile goods ranging from tents to jeans. Though market conditions have remained generally good, there is the prospect of further Africanisation of businesses and increasingly strict controls on remittance of profits.

While conditions were clearly going to become more difficult, the group was still being run much as it always had been. For instance, much of the time at board meetings was spent discussing jute buying policy—even though this activity accounted for less than 10 per cent. of turnover and even less profit.

Except in Canada, accounts were kept on a six monthly basis and no proper budgeting system was in force. In between, head office relied on experience to judge whether or not the dozens of subsidiaries were making profits or not. The overseas companies were left largely to run themselves and investment decisions were taken on a one-off basis. The management structure at head office in Dundee had also grown in a somewhat haphazard manner, and although it worked on the whole, it was in need of change. The four senior directors each had responsibilities across the different product groups and geographical locations rather than in defined product areas.

"There was a need to adopt a more logical system of running the company and at the same time to find ways in which it could broaden its product and geographical spread to reduce its dependence on declining businesses and markets," explains Brian Gilbert.

One of the first moves was to introduce monthly accounts for operating companies and a system of budgeting. The group has also been reorganised into four divisions—packaging, engineering; textiles and Flotex (a new carpet textile) each responsible to a divisional director, who with the company secretary, finance director, and chief executive now form the executive management structure. Decisions which could be taken at a lower level within the company have been devolved to managers, enabling the board to concentrate on its main role as policy maker and forward planner for the group as a whole, and as banker to the subsidiaries.

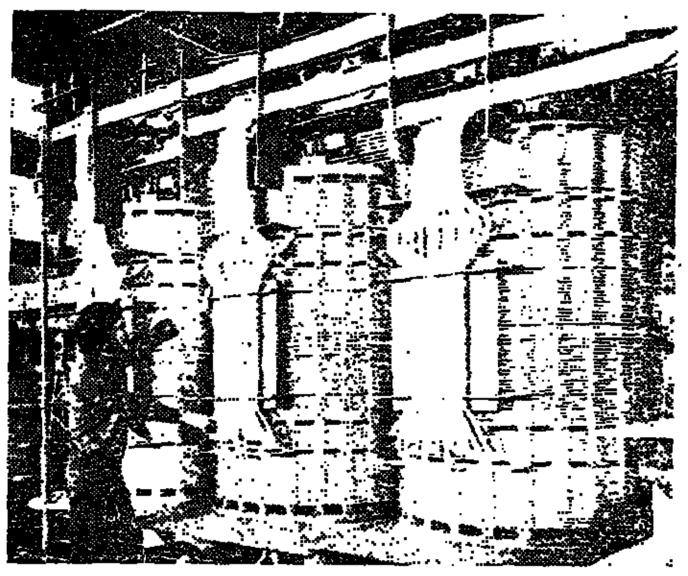
Acquisition

Decision-making structure apart, the main priority was to develop a sound U.K. manufacturing and profits base. This has largely been achieved through the acquisition of businesses complementary to the company's existing operations, though there have also been cutbacks. As Mr. Gilbert points out, the group had after all been making profits, and there was cash in the bank and in investments. A reduction of the unnecessarily high stock levels released further sums for developing the business.

Low and Bonar has, so far, bought up companies in each of its three principal areas of operation: textiles, engineering and packaging. The result of this, says Mr. Gilbert, is a better balance of activities through the group.

One of Gilbert's bolder moves was to bid for his former company, Nairn Williamson, which to his regret was snatched up instead by Unilever. His main interest in Nairn had been its expanding wallcovering division, but in 1976 he was able to buy a somewhat smaller company which specialises in hessian wall coverings—one of the few growth areas left for jute and flax.

The traditional jute activities — mainly making sacking — have been phased out; the company is also running down the production of woven flax, which is used for tarpaulins.



A 90-KVA transformer being manufactured at the electrical engineering subsidiary of Low and Bonar.

Apart from a small amount of flax spinning, which is being retained to supply the wall coverings division, Low and Bonar in the U.K. is now completely out of the traditional Dundee industries.

The group's U.K. packing operations—previously dwarfed by the giant Canadian arm — were greatly increased by buying up Bibby and Baron in Lancashire. So far this has been one of the less successful purchases as it is still losing money in the depressed market for paper bags. Low and Bonar is hoping investment will boost this division's position as a supplier of polyethylene plastic packaging.

Last year Low and Bonar bought the international engineering group GHP, which produces sophisticated power control equipment for the electrical industry, thus dovetailing with Bonar Long's transformer business. "This should make it easier to win overseas contracts, particularly in markets such as the Middle East, where customers prefer to buy a complete package of equipment rather than deal with different suppliers," Mr. Gilbert claims.

Finally, in the floor coverings division, the losses have been halted and a wide product range including domestic tiles has been introduced.

Throughout the business, Mr. Gilbert argues, the trend in future will be away from bulk products, where price competition is strongest, and towards increased specialisation, enabling the group to sell primarily the technological expertise it has in a variety of areas.

With the process of change and adaptation from its traditional base still only partially complete, the effect on the company's results has yet to be fully felt. Pre-tax profits for the year to the end of November 1977 reached £7.1m. on a turnover of £113m., compared with £6.6m. on a turnover of £83.4m. in 1976. The spread of profits is now better balanced between engineering, largely based in the U.K., textiles largely based in Africa and the Canadian packaging operation, and there are hopes that the remaining loss-makers can soon be eliminated.

Although the link with Dundee's traditional product has been all but severed by its diversification drive, the connection with the city will remain. With its newer product range and international spread of activities, the company con-. But in the end Dundee remained as good a base as any for what is still basically a Scottish company.

LOMBARD

For whom the bridge tolls

BY ANTHONY MORETON

THE PAST 25 years have seen something of a revolution in our transport system. From time to time the Government has taken an axe to the railways, lopping off branches with the result that country stations have, on occasion, turned into country cottages. Inter-city air services have been expanded and while the network is in its infancy compared with, say, the US it is still improving. And there has been the massive motorway programme.

Radial system

For those who only venture outside their office or their home at the week-end or on holiday the extent of the motorway network comes as very much of a surprise. Unlike the railways, which are now pared down to a radial system with London as its centre, motorways have been designed to link the parts of Britain. It is easy to get from, say, Bristol to Doncaster, or Leeds to Preston, or Liverpool to Leicester, without venturing off the motorways.

Motorway driving is cheap, too. Unlike France, where the cost is so prohibitive that many drivers prefer to use the old roads, it has always been a guiding principle of British motorway planning that access should not only be free but also easy. Consequently, entry points are placed every few miles. Between London and Cardiff there are 29 exits, an average of one every four miles; between Liverpool and Hull 38, one every three miles.

Motorways are therefore just an extension, albeit a superior one, of the trunk-road system and it is this which differentiates British policy from that in many other countries. But, as in everything else, there is an exception to the rule and the exception is the very big bridge.

To cross the Severn on the M4 costs 12p, and plans to put this up to 20p have been so strongly resisted that the Ministry of Transport is conducting an inquiry into the rise. Across the Forth on the M90 costs 15p and the Tay crossing is 12½p. Even the Cleddau crossing in Dyfed, which is not part of the motorway system and which, anyway, is a lot shorter than the Severn bridge, costs 30p while it is 5p to go across the Clifton suspension bridge in Bristol.

Worse is to come. When the Humber bridge is completed next year, linking the M62 outside Hull with the M18 outside Grimsby (the longest single-span bridge in Europe, it has been unkindly called, linking one set of country roads with another) the toll may be as much as 80p. If it does, there will be an outcry despite the fact that the bridge will save some 70 miles driving and almost £2 in petrol for the family motorist. The Severn bridge saves about £1.40 in petrol, yet there has been strong opposition to another 8p on the toll.

Drivers have been conditioned to, and expect, free motorway driving so that it seems all the more unusual for the transport authorities to insist on tolls for some sections of that road system. Why is there this split mentality in the official mind? Why charge for one part of the motorway—which crosses water—when the rest, which crosses land, is free?

The official answer is cost. Bridges, and particularly suspension bridges, are expensive to put up, cost a lot to maintain (for 18 months the Severn bridge was reduced to one lane in each direction because of structural faults) and are subject to heavy traffic flows for relatively short periods of the day or the week, especially on Friday and Sunday nights.

This pragmatic answer ignores the fact that some other parts of the motorway are also expensive to build and yet they are toll free. Both the M4 and the M40 at their point of entry into London have long stretches built on stilts above the surrounding houses. No charge is made for their use.

There are also hundreds of (non-suspension) bridges on any motorway route for which no charge is made. On the M62 running into Hull a mile-long section crosses the Ouse. The driver speeds along its happily without a care; but if eventually he turns right to cross the Humber into Grimsby then there will be the toll to be paid.

Economic case

This split mentality spills over onto the trunk road system. Drivers have to pay to go through some tunnels but not others. The Blackwall tunnel in London under the Thames and the Clyde tunnel in Glasgow are free. But the Mersey costs 20p between Birkenhead and Liverpool, the Tyne 15p between Newcastle and Gateshead and the Dartford, also under the Thames 25p.

An economic case for charging tolls can be made quite easily; economists have done it intermittently over the years. But how does one justify charging for one section of motorway or road without extending the principle to the whole? Either it's illogical or it's British pragmatism at its best. As one who uses the motorway a great deal, thank heaven for pragmatism.

Flickering prizes for the industrial film

FILM and VIDEO

BY JOHN CHITTOCK

IN CASE anyone doubts that British industrial films really are the best in the world—a claim often made in this column—the U.S. Industrial Film Festival held last April has yielded another harvest of proof. With ten awards to its credit, British entries gathered 12 per cent. of all the prizes although the number actually entered was less than 3 per cent. of the total of nearly 800.

Festival judges would appear to be fickle people, however, and the British sponsored film festival held in Birmingham last week produced some strange results. One of the U.S. winners, and a film acclaimed in this column as one of the best of the year, was BP Chemicals' film about the safety labelling system for road tankers—*Hazchem*. It won a Gold Camera award in Chicago but nothing last week in Birmingham, and similarly a production from Millbank Films about participation—*The More We Are Together*—won a silver in Chicago but nothing in Birmingham.

A cynic might say that festival prizes are meaningless anyway, but conscious of this danger, the organisers of the British sponsored film festival are careful to put on their juries many people who are representative of the actual audiences for whom the films are intended. Thus training experts are given the task of judging training films, and so on.

Two successes

Video Arts, one of our most prolific producers of training films, might smile however. *Man Hunt*, one of their most successful films—in constant demand by the training fraternity—was rejected by the judges at an earlier British festival. Rank can do better than this by naming two of their own most outstanding successes, *Letter Writing* and *Time to Think*, neither of which even passed the first hurdle, of preselection for the British festival (but won prizes elsewhere, including Chicago).

Yet the poor judges can never win—few people ever seem to agree with them and the use of numerical marking systems gives little insight into a judge's often complex and individual reasoning.

At the heart of the problem, with industrial films at least, is the conflict between art and function. A film may be creatively stimulating but totally useless. Industrial film judges sometimes lean over backwards to take the functional rather than the creative view—but often fall off their seats in the process. Functional content may not be enough if the creative framework is such that the audience falls asleep.

Video Arts has demonstrated in many films that the enjoyable training film is generally the more successful—in commercial terms at least. Even training officers are unlikely to be impressed by boring films. The latest from Video Arts does not, I fear, qualify for total success in those terms. With a title like *The Control of Working Capital*, it will achieve automatic hirings and purchases—a must for many. But the formula of John Cleese and Ronnie Corbett standing in front of a plain background, talking to camera and relieved only by animated drawings, is never compelling and rarely as funny as intended. One is left with little more than the didactic content, which non-financial managers will find useful but little more.

When content and creativity work together, the result is often success all round. The two latest from Rank—*How to Close the Sale* and *The Art of Two-Way Communication* — come closer to this ideal balance. The first is a film rich in helpful information and a nicely played *double entendre*, in which Richard O'Sullivan plays a salesman who fails to pop the ultimate questions—not only to customers, but to Tessa Wyatt who is trying to seduce him. In *The Art of Two-Way Communication*, Penelope Keith brings a delicious touch of class to the training scene set in very middle class surroundings.

Yet simplicity in treatment can yield its own form of creative satisfaction. The plain, straightforward style of the latest offering from the Cement and Concrete Association—*An Introduction to Prestressed Concrete* — wins attention and approval because its treatment is so cogent and unpretentious. When explanation in a film comes over with such consummate ease, there is often something very satisfying about it.

Occasionally, however, the film-maker has little choice. When the points to be made are very specific, there is little scope for artistic manoeuvring. Such is the case in *Look Again*, a two-part film made for Lawrence Security Services. This is a dramatic enactment of retail shop fiddles—namely in the delivery of goods to shops and stores. For the unsuspecting shop assistant, the film is a mine of information showing the extent of human ingenuity in arranging for goods to drop off the backs of lorries.

Little choice

The subject left the film-makers little choice. The scenes are in shops and stores and the scripting is straightforward, but the performances are convincing, the messages are unambiguous and the result is both helpful *and* satisfying.

This is the kind of film that festival judges will like because it is easy to evaluate. The learning points are there and the marking systems will cope easily with relating the quantative to the qualitative. But if the subject is big, complex and maybe remote from the obvious criteria of a marking sheet, it becomes a problem.

Thus I am sorry that one of the best films of the past year—Christian Aid's *The Living City*—only achieved a bronze award last week in Birmingham. Its portrayal of the social and industrial problems of Calcutta is masterly observation and its treatment sensitive and humane. But it's a long way from the Midlands, and in the end the problems of the Third World may defy evaluation. Perhaps the only important criterion is what it will achieve for people, not judges, and that is a question that no one in this industry has ever been able to answer conclusively.

World premiere

The Prince of Wales will attend the world premiere of the new Peter Sellers film *Revenge of the Pink Panther* at the Odeon Theatre, Leicester Square, London, on July 13, in aid of the Newspaper Press Fund and the Welsh Environment Foundation. Tickets for £5, £10, £25 and £40 can be obtained from the Newspaper Press Fund, Dickens House, 35, Wathen Road, Dorking, Surrey.

Sofala's chance to prove her Classic potential

RACING

BY DOMINIC WIGAN

NEWMARKET trainer Michael Stoute has a strong team of three-year-old fillies, and although Fair Salinia and Glinting, his two 1,000 Guineas representatives, are clearly smart performers, I believe Sofala could prove to be his best.

We shall know more about the Home Guard filly by this evening, for she takes on such highly rated Oaks prospects as Tartan Pimpernel, Mary Arden and Varishkina in York's Musidora Stakes.

The winner of all but the first of her four races to date, Sofala showed herself to be an Oaks prospect in the making when toying with Suni in Epsom's April Handicap on April 27. Always travelling smoothly in that mile event, Sofala cruised into the lead at the distance before showing a clean pair of heels to the runner-up.

The form of that event was given a boost when Suni obliged at Lingfield last week, and there seems little doubt that Sofala's performance in winning by three lengths (a distance which could have been doubled) was that of an extremely useful filly.

I hope to see her give further evidence of her Classic potential with a victory here over that well-made Blakeney filly, the Queen's Tartan Pimpernel who has not been seen out since chasing home Cherry Hinton in the Argo Star Fillies Mile at Ascot last autumn.

Whatever their fate with Tartan Pimpernel, Major Dick Hern and stable jockey Willie Carson are unlikely to leave the Knavesmire empty handed, for Lady Beaverbrook's Topbird does not have too stiff a task in the 1¼-mile David Dixon Gold Cup, with only 8 st 7 lb.

I liked the way in which this daughter of Seaswan stretched out under strong driving from Carson to hold off Georgian Girl, to whom she was conceding 16 lb, at the end of Newmarket's Babraham Handicap over to-day's trip, and I can see no reason why she should not follow up.

Ribellaro may get the better of Revlow and Amber Valley for second place.

Schweppeshire Lad, one of four previous winners in the afternoon's principal two-year-old race, the Tattersalls Yorkshire Stakes, lost his action badly in the mud when going down at odds of 8-13 to Darlinga in the Garter Stakes at Ascot. If there is no further rain and Stoute decides to let him take his chance, I expect this speedy Decoy Boy colt to return to winning form.

In his absence, the race is probably best left to the twice-raced Pessu, the 1½-length conqueror of Sir Chris at Newmarket last time out.

YORK

2.00—Fleurs
2.30—Schweppeshire Lad*
3.00—Topbird**
3.303—Sofala***
4.00—Panglima
4.30—Princely Fool

Aid for Westminster Abbey restoration

PRINCE PHILIP, president of the Westminster Abbey Trust, was presented yesterday with the first of a new edition of medals which have been struck by the Royal Mint to raise funds for the restoration of the abbey.

The presentation was made by Mr. Denis Healey, the Chancellor of the Exchequer, and ex-officio Master of the Mint, at a ceremony in the Jerusalem Chamber of the abbey.

The medals, designed by Michael Rizzello, president of the Royal Society of British Sculptors, feature the west front of the abbey and on the reverse the Coronation Chair.

They are being struck in a strictly limited edition in platinum, gold-plated silver and silver and range in price from £1,200 to £30 each. A gold edition is available for sale abroad.

TV/Radio

† indicates programme in black and white

BBC 1

6.40-7.55 a.m. Open University. 9.38 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Ragtime. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Dechrau Canu Dechrau Canmol (hymn singing). 3.53 Regional News for England (except London). 3.55 Play School. †4.20 Champion the Wonder Horse. 4.45 Goober and the Ghost Chasers. 5.05 John Craven's Newsround. 5.10 Stopwatch.

5.40 News.

5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Feather and Father Gang.
7.40 It Ain't Half Hot Mum.
8.10 The Standard.
9.00 News.
9.25 Singapore — One Man's Dream (the story of Sir Thomas Stamford Raffles).
10.15 Sportsnight.
11.15 Tonight.
11.40 Play Golf.
12.05 a.m. Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.55-6.20 p.m. Wales To-day. 6.50 Heddiw. 7.15 Teithi'r Tir (cyfres). 7.45-8.10 Tomorrow's World. 12.05 a.m. News, Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 7.40-8.10 The Good Life. 12.05 a.m. News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 a.m. News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
10.30 On Union Business.
11.00 Play School.
2.15 p.m. Other People's Children.
2.35 Having a Baby.
3.30 The Living City.
4.55 Open University.
7.00 News on 2 headlines.
7.05 A Woman's Place?.
7.30 Newsday.
8.10 Chronicle.
9.00 Rhoda.
9.25 The Man Alive Report.
10.15 Living on the Land.
10.40 Late News on 2.
10.50 The Old Grey Whistle Test.
11.30 World Championship Tennis Final.

LONDON

9.30 a.m. Schools Programmes. 11.55 Beany and Cecil cartoon. 12.00 Issi Noho. 12.10 p.m. Rainbow. 12.30 Parent's Day. 1.00 News plus FT Index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Racing from York. 4.20 Paul. 4.45 Magpie. 5.15 The Brady Bunch.

5.35 Crossroads.
5.45 News.
6.00 Thames at 6.
7.00 The Six Million Dollar Man.
8.00 The Galton and Simpson Playhouse.
8.30 Armchair Thriller.
9.00 ITV Playhouse.
10.00 News.
10.30 Opium.
11.30 Man and Woman.
12.00 The Andy Williams Show.
12.25 a.m. Close: Rudolph Walker reads a Caribbean poem by Rick Ferreira.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Emmerdale Farm. 6.00 About Anglia. 7.00 Challenge of the Sexes. 7.30 Get Some In! 11.30 Our Miss Hammond. 12.25 a.m. Christians in Action.

ATV

1.20 p.m. ATV Newsdesk. 5.15 Laverne and Shirley. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England—One Last Chance. 11.30 Marcus Welby MD.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 5.15 Out Of Town. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Get Some In! 11.30 Baretta. †12.25 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 5.15 The Flintstones. 6.00 Report At Six. 7.00 Treasure Hunt. 7.30 Charlie's Angels. 10.28 Channel Late News. 12.00 In Concert: John Miles. 12.30 a.m. Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.23 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 5.15 Challenge Of The Sexes. 6.00 Grampian Today. 6.05 Out Of Town. 7.00 Emergency. 12.00 Reflections. 12.05 a.m. Night Gallery. 12.30 Grampian Late Night Headlines.

GRANADA

1.20 p.m. This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Bionic Woman. 12.00 Drive-In.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.15 Popeye. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 7.00 Bionic Woman. 8.00 It's The Narrowboat Show! 11.30 Police Woman.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20 Miri Mawr. 4.30-4.45 Seren Wib. 6.00-6.15 Y Dydd. 10.30 Yn Ddeg Oed. 11.15 World In Action. 11.45-12.15 a.m. Happy Days.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 7.30 Get Some In! 11.30 Late Call. 11.35 Within These Walls.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day including Southsport. 7.00 Emmerdale Farm. 7.30 Get Some In! 11.30 Southern News Extra. 11.40 Drive-In. 12.10 a.m. Police Surgeon.

TYNE TEES

9.25 a.m. The Good Word followed by North East News Headlines. 1.20 North East News and Lookaround. 5.15 In Search Of Atlantis. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Get Some In! 11.30 Police Surgeon. 12.00 Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 5.15 Friends Of Man. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.00 Emmerdale Farm. 7.30 Get Some In! 11.30 Gardening Today. 12.00 Bedtime.

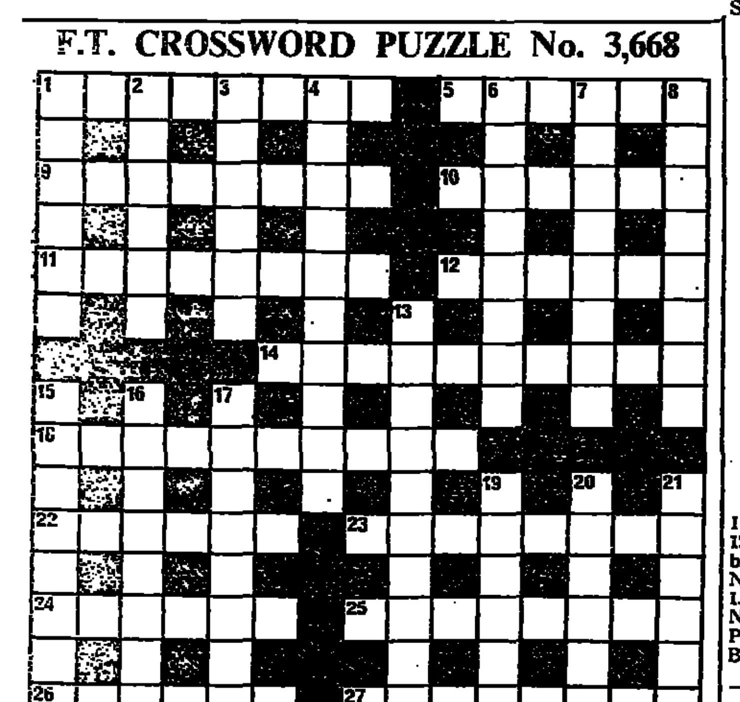
WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 The Flintstones. 6.00 Westward Diary. 7.00 Treasure Hunt. 7.30 Charlie's Angels. 10.28 Westward *Late* News. 12.00 In Concert: John Miles. 12.30 a.m. Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.15 Challenge of the Sexes. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Get Some In! 11.30 Drive-In.

F.T. CROSSWORD PUZZLE No. 3,668



ACROSS

1 Discourse to help backward race (8)
5 Voice that needs a chance to make money (6)
9 Relevant stuff (8)
10 RAF set prepared to bomb (6)
11 Too fastidious about French resort (8)
12 Credit half left to please (6)
14 Go in disguise possibly made square (10)
18 Weaver with clothing that provides best drag (6, 4)
22 Return evil snare for game (6)
23 One who grieves later about people (8)
24 Box Ali cautiously, there's hidden acidity (6)
25 Suspect it could be water vapour and corrosion (8)
26 Mammal's not red? Of course it is! (6)
27 Pelt Carnivora's family (8)

DOWN

1 Fruit for mother and child (6)
2 Learnt to make a horn (6)
3 Eager for soldiers to call (6)
4 White French chap gets half a wobbly sweet (10)
6 Fee paid to keep a servant (8)
7 Bird that was an omen of imminent death (8)
8 Chapel broken up in NE breeze (8)
13 Soldier under water is blueish-green (10)
15 Sailor at riot reversed a shambles (8)
16 Tolerate a thoroughfare in principle (8)
17 A coiling design for one who thinks deeply (8)
19 Mad, making me book a learner (6)
20 Collided with vehicle from the south (6)
21 Professional heavyweight has an elementary part in the matter (6)

SOLUTION TO PUZZLE No. 3,667

W	I	N	T	R	Y	■	D	R	U	B	B	I	N	G
E	■	O	■	A	■	A	■	E	■	R	■	N	■	R
L	E	B	A	N	O	N	■	L	E	O	N	I	N	E
L	■	L	■	K	■	G	■	E	■	K	■	G	■	A
S	U	E	Z	■	C	L	E	A	N	E	D	O	U	T
A	■	L	■	P	■	E	■	S	■	N	■	■	■	S
I	M	O	G	E	N	■	R	E	D	R	U	T	H	■
D	■	R	■	R	■	D	■	D	■	E	■	E	■	C
■	A	D	V	I	S	E	R	■	G	E	Y	S	E	R
F	■	■	■	M	■	A	■	I	■	D	■	T	■	I
I	N	B	R	E	E	D	I	N	G	■	L	A	I	C
L	■	A	■	T	■	K	■	N	■	A	■	M	■	H
L	O	T	H	E	R	E	■	E	A	R	N	E	S	T
I	■	H	■	R	■	E	■	R	■	N	■	N	■	O
P	L	E	A	S	A	N	T	■	B	O	S	T	O	N

RADIO 1 247m

(S) Stereophonic broadcast.

5.00 a.m. As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett, including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen, including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 8.02 As VHF. 10.02 John Peel (S). 12.00-2.02 a.m. As Radio 2.

VHF Radios 1 and 2—5.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 8.02 Nordring Rendezvous (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.02 a.m. With Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Terry Wogan (S), including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Des O'Connor's Open House (S), including 1.45 Sports Desk. 2.30 David Hamilton (S), including 2.45 and 3.45 Sports Desk and Racing from York. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 (S). 7.30 Sports Desk. 7.33 On The Third Beat (S). 8.02 Home International Soccer Special: England v. Northern Ireland. 9.30 Among Your Souvenirs (S). ... 10.30 It's A Funny Business. ... Matthew ... including ... Summary.

RADIO 3

... Music (S). 11.00 Heinrich Biber concert (S). 11.45 Dvorak and Wolf concert (S). 12.15 p.m. Cardiff Midday Prom—Part 1: Beethoven, Bartok (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 Cardiff Midday Prom—Part 2: Copland, Mozart (S). 2.10 Schubert from Bristol (S). 3.00 A Little Light Music (S). 4.00 British Piano Music (S). 4.35 Songs For Tenor and Guitar (S). 5.15 Jazz Today (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Work and Training. 7.30 The Art Of . . . Enrico Caruso. 8.00 The Philharmonia Orchestra—Part 1 (S). 8.35 A Promenade of Resorts—Part 1: Worthing. 8.55 The Philharmonia Orchestra—Part 2 (S). 9.45 The Silence of Isaac Babel compiled and narrated by Gerald Roberts. 10.45 Schoeck and Berg Songs (S). 11.20 Smetana (S). 11.40 News. 11.45-11.50 Tonight's Schubert Song (S).

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up To The Hour, including news headlines, weather, papers, sport, and Prayer for the Day. 7.00 News. 7.10 Today. 7.35 Up To The Hour (continued). 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday ...

5.40 Serendipity. 5.55 Weather: Programme News. 6.00 News. 6.30 Just A Minute (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 This Glittering Bird on the Wing: Portrait of Margot Asquith (S). 8.00 The Philharmonia Orchestra (as Radio 3). 9.45 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Not Now, I'm Listening Again. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 a.m. Question Time from the House of Commons. 1.05 Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M.: non-stop news, information, travel, sport and reviews. 10.00 Brian Hayes Show. 1.00 p.m. LBC Reports. 3.00 George Gale's 3 o'clock Call. 4.00 LBC Reports continues. 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Bryn Jones. ...

Capital Radio

Elizabeth Hall

Berkeley

by RONALD CRICHTON

Sir Lennox Berkeley's 75th birthday on Friday was marked by a concert of his works organised at the Elizabeth Hall by the Park Lane Group. A distinguished audience headed by Princess Alexandra gathered to greet a composer whose appearance, manner and, it may be added, recent music, all belie his age. Nicholas Braithwaite conducted the Park Lane Music Players and a number of soloists. The programme included two works written in the past decade, the Dialogue for 'cello and chamber orchestra (King's Lynn Festival, 1971) and the Antiphon for Strings (Cheltenham Festival, 1973), with an important revival of the much earlier Stabat Mater.

Berkeley's French affiliations, of blood as well as of musical education, were represented by the Introduction and Allegro of Ravel, a composer who he knew and greatly admired. There was a time when practically every account of Berkeley's music included some reference to France—after the war, when his works were becoming known to the general public, the elegance of line, spareness of texture and fastidious refusal to be prolix, untidy, pretentious, or vague (all of them no doubt qualities brought out if not actually implanted by his teacher, Nadia Boulanger) seemed more exclusively Gallic than they do now.

The French label was not really much more than a convenient generalisation: the same qualities could also be seen as a reflection of a kind of modesty, a dislike of strong emotions, publicly exhibited, and a liking for understatement that are part of an equally conventional (and now possibly outmoded) view of the English character. Indeed on Friday the two strains appeared to be closely amalgamated. To take one example, the frequent edgy tang in Berkeley's harmony is both Roussellian (Roussel emerged in this programme as a more obvious influence than, say, Ravel or Poulenc) and English in the tradition of the madrigalists and Purcell.

Sir Lennox Berkeley

The two-movement Antiphon is a satisfying example of this stylistic mix. The finale of the Dialogue, on the other hand, was a case where, as sometimes happens, one rather wishes Berkeley would be a little less discreetly self-effacing, less inclined to stop the moment he over-modestly thinks he has nothing more to say. Note-spinning can sometimes bring worth-while discoveries. Partly this impression may have been due to the performance. Christopher van Kampen, the cello soloist, is a technically assured player of considerable experience. In the slow movement the lyricism of the writing drew him out. The outer movements on the other hand needed, not necessarily louder tone, but keener projection.

The revelation of the evening was the Stabat Mater, written in 1947 for the English Opera Group and first performed by them under the dedicatee, Benjamin Britten. The original scoring, designed to suit the EOG's available forces, was for six solo voices and 12 instruments: the composer's son Michael Berkeley has recently made an arrangement for small orchestra (leaving some of the score in the original form) which should help the work to find the wider circulation it richly deserves. The style of the Stabat Mater owes much but not everything to middle-period Stravinsky. The music came over on Friday with the force of an urgent personal statement—so urgent that here the composer's habitual discretion is a strength, not a weakness.

Berkeley has pierced through the medieval words with their jingling metre to the agony and grief of the situation so crudely described. Michael Berkeley's note implied possible use of chorus, but this performance used the prescribed six soloists, in the capable persons of Teresa Cahill, Diana Montague, Meriel Dickinson, Brian Burrows, Richard Jackson, and Stephen Varcoe. Though the pulse in the slow sections was once or twice almost imperceptible, Mr. Braithwaite made a strong case for the work. Clifford Lantaff was the accomplished harpist in the Ravel.

*

At the Wigmore Hall on Sunday, the "Six of the Best" series added their own postscript to the birthday celebration with a programme of songs and two-piano music. The latter included a new Passacaglia written as a greeting to his father by Michael Berkeley, a pleasing piece with the elusive virtue of sounding like two pianos, not one slightly thickened—actually I thought Sir Lennox's Sonatina for the same combination, heard earlier in the programme, had rather less than his usual clarity of texture. Richard Rodney Bennett and Susan Bradshaw also played Bennett's own Kandinsky Variations, effectively written for the medium, and achieving an unusually convincing interpretation of a painter's style in musical terms.

The songs selected by Meriel and Peter Dickinson which included the Five Chinese Songs and three each from his various settings (mostly early in date) of French and English poets, confirmed the suspicion that Berkeley is among the best of English song-writers, his natural gift for subdued but genuine lyricism undiluted on this small scale by the usual unassertiveness. The very early, pre-Boulanger "Thresher," to words by du Bellay, is a nice example of the cultural cross-breeding referred to above—the easy tunefulness from the world of Ireland or early Vaughan Williams, being presented in a sharper focus than the English style in those days normally allowed. Miss Dickinson's unobtrusively good diction made up for the absence of printed words—but since the booklet does duty for a series of concerts, perhaps it is unfair to complain. For Friday's event, incidentally, the Park Lane Group provided a most useful document complete with chronology and work-list.

Fine Art

The artistic pleasures of Paris

By DAVID PIPER, Director of the Ashmolean Museum, Oxford

The museums and galleries of Paris are alive and well—mostly so, anyway. Except of course on Tuesdays, the great French fast day for culture, when almost all museums are shut. The great presider, the Louvre itself, staggers still as ever the eyes, mind, and inevitably, the feet. The display is throughout sensible and sensitive, and the French instinct for sheer style, and no less for metropolitan decorum worthy of Paris itself, continues supreme. In common with other museums everywhere, parts of it are closed—for months or for years maybe, for new installations, or just over lunchtime; in common too with great tourist attractions the world over, it has saturation problems. The Mona Lisa, in particular, is now so withdrawn, remote within her protective cabin behind (doubtless bullet-proof) glass, and the serried squads of worshippers, that a reproduction would serve just as well provided that no one let on that it was a reproduction. An acolyte nearby hires out her taped *histoire intime*, also in Japanese. Through the main galleries the main stream sways slowly with that rhythmic loiter of the window-shopper, irresistible so that you may have to make a conscious decision to actually stop to look.

On the other hand, certain parts of the Louvre are open till 8 p.m., and between 6 and 8 is the time, if you wish to contemplate in tranquillity the power of art to stop time live in its tracks. And even at densest crowd-time; so vast is the Louvre that you will find (having succeeded in the entrance queue) that whole sections will be but thinly populated — European sculpture; the applied arts, for example—or the sad little single room where English painting lurks unmolested by prying eyes and frankly, not at its best (might we not swap some Turners, for say, a Georges de la Tour?).

The maintenance is admirable (apart from the Italian Renaissance the masterpieces of which the Louvre seems steadfastly reluctant to clean); the lavish internal architectural decor is respected, as are those parquets that creak so humanely to rebuke the spread in English museums of wall-to-wall carpeting that speaks in genteel hush of departmental stores, and inevitably goes scruffy. Carpeting may well prove ubiquitous in the end, for reasons of economy of maintenance, but may it not be for long yet.

Impressionism still fills the Jeu de Paume, at the extremity of the Tuileries, with the vivid pleasure, the marvel, of simply not being blind. If as we recede from these painters in time, the disparities in their work become more apparent (the fact that Renoir could paint appalling pictures as well as the most magical of visions—that Monet even, can be relatively tedious), the masterpieces likewise become more arresting.

Some old Louvre favourites—especially if you are a *seicento* addict—you may have missed, only to find them re-installed in the Trocadero end of the Champs Elysees/Louvre axis, in what was the Museum of Modern Art but is now, oddly, the Palais Tokyo, and/or (in the irony of literal translation) the Ancient Museum of Modern Art. The creation of the Centre Georges Pompidou, better known as Beaubourg, has brought with it new problems. Beaubourg has claimed the main permanent exhibition of modern art from 1905 on, creating a void in the marble expanses of the former Museum of Modern Art. Part of this is now annexed for Louvre objects: here you will find representation in depth of the Italian *seicento*, even of Venetion sixteenth century (including world-famous paintings like Titian's *Madonna with the Rabbit*), but displayed didactically, using large explanatory panels of text, X-rays, photographs. The later should perhaps not be printed on bright white, as they tend to outstare the actual paintings, but their content is both illuminating and succinct. Then there are special thematic exhibitions — upstairs on Death in French Sculpture (admirable essay of inconographic exposition, and strangly unmacabre though void of visitors) and on Greek and Roman techniques in ceramics, sculpture and painting. Mid-floor, the Italians: plus Post-Impressionism (here are the Seurats), plus a quite fascinating history of the development of the self-portrait drawn from the Louvre holdings of that narcissistic art, which alone is worth the trip. Plus Symbolism, plus nineteenth-century "Naturalism"—some good, and unexpected, English here: not only Orpen's famous *Cafe Royal* (featuring Augustus John and George Moore), but Maxwell Armfield, Walter Crane and Lionel Walden (who?—a lamplit *Les Docks de Cardiff*). Downstairs, audio-visuals, and concentrations of the great gifts of collections to the Louvre of recent years—Braque, Segonzac, Laurens, Rouault—and other modern acquisitions. The mixture is strange, but at points exhilerating.

Meanwhile, back again way east of the Louvre, in that depression which once was Les Halles, the now-famous Centre Pompidou flaunts its Beaubourg. Stacked vast in its metal scaffolding, proudly displaying its polychrome guts up its east side and the transparent colon of its escalators up the west, it survives thus far triumphantly all queries about its durability; and outdoes (certainly for the natives) the Eiffel Tower as popular attraction. Up to 2,000 an hour may well be going through it yith you: buskers clamour, juggle, sing and play in its forecourt. Through two floors of open-stack, micro-film-reader-equipped, information-retrieving library the public wanders and students apparently work. Top floor has café-terrace, and temporary exhibitions (Moilevitch ends May 15; but Jasper Johns, is till June 4), and there and below is the national collection of modern art. But there's a snag, caused by the sheer quality of the Beaubourg itself as object. Beaubourg itself is the exhibition, and I regret to report that Modern Art, including even as it does, some of the most reproduced, widely known of twentieth-century works, looks a bit thin in this setting, almost irrelevant. Elsewhere are audio-visuals, theatre, film, architectural or technological display, bookshop, etc.

It looks as though, apart from the major exhibition of late Cézanne (till July 23, Grand Palais, reviewed in these pages by William Packer, May 2), the Parisian mid-summer will not be notable for loan exhibitions, exceptions beside those at the Beaubourg, being Forain far out at the Marmotton (open Tuesdays but closed Mondays), and (in the commercial sector) the eerie and unique spell, the creak, click and expectant silences, of Pol Bury's activated wood sculptures (at Maeght, Rue Teheran). In the same quarter, the Jacquemart-André, handsomely refurbished in part though still confined to its ground floor, rewards the visitor (afternoons only) with the other version of the Uccello St. George in such unfair armour slaying a so obviously make-believe dragon—and of course, great Rembrandts, Mantegnas, and, remarkably, a superb Reynolds.

From there up to the Parc Monceau, the salons of the Nissim de Camondo filled almost ruthlessly, so formally elegant and so uncompromisingly uncomfortable, with fine French furniture and decoration, and next door the very select oriental ceramics of the Cernuschi. The main Parisian collection of Eastern art, the Musée Guimet over by the Trocadero, retains its pristine but scrutable oriental calm, pale and cool, but amongst it is the spookiest display in Paris, the spotlit petrified forest of Khmer heads, uncompromisingly frontal, ineffable smiles, eyes closed and inward.

On the Left Bank, Cluny is also refurbishing, much already complete, and to leave Paris without visiting the flowery-bowery rabbit-startled glades where the white unicorn consorts so agreeably with his ambivalent ladies, in the most magical tapestries in the world, is scarcely permissible. Over in the Marais, the Carnavelet, the Museum of the History of Paris but of so much more than that, including the radiantly benign ghost of Mme de Sevigné, as well as the shadow of the guillotine, is flourishing, as the two issues of *Apollo* magazine devoted to it have recently emphasised.

This is but an arbitrary selection of museums—there is enough in Paris to absorb the resident's full time attention, let alone the visitors, but do not forget the outliers. Versailles is as obviously splendid and hugely obvious as ever, stunning the senses, but open on Tuesdays; and if sturdy enough to reach the Trianons you will find the Grand Trianon fully refurbished, enchanting even through the armour of heavy polythene protecting its curtains and embroideries. Fontainebleau is as delightful as ever, and at Sceaux (till July 3) there is "Voltaire voyageur de l'Europe."

Take money. Average entrance fee to French museums is FFr 5. Three museums in a day is £2. Refuge, if broke and weary, is though always offered by the divine limbo of the Metro—cheap: clean stations with comfortable bucket seats in clear green, yellow, shocking pink. The famous Louvre station with its tasteful decor, lighting and facsimiles, dispensing the unscrupulous from the need of even entering the Louvre itself; the whoosh of the rubber-tyred trains, and, winding down the subterranean corridors of the Châtelet and other junctions, the echoes of flute and guitar, or cello and oboe. *Dieu, que j'aime le son du cor au fond du Metro.* And the other day, outside the Invalides Metro, a demo to swell all British bosoms with pride. "Go home Jenkins," said the placard, and besought Parisians to cast off the financial imperial yoke of the City of London.

The Mona Lisa 'now so withdrawn'

Soho Poly

Girl Talk

by MICHAEL COVENEY

Punk theatre, the testimony of the disaffected young, has been, on the whole, the onstage preserve of bored factory workers or frustrated football fans. Stephen Bill's lunchtime monologue gives the floor to an aggressive Liverpudlian girl, Mary, whose rage owes as much to a claustrophobic, almost incestuous home environment as to her clear-eyed rejection of tattered ethical standards as evinced by pop stars and TV interviewers.

In Sue Wallace's riveting performance, Mary comes across as an all too recognisable street urchin of the 70s in her blue wind-cheater, calf-length dowdy skirt and block-heeled shoes. She speaks to us from a rusty bed-frame, surrounded by white walls. The writing itself is springy enough, but there is no clinching dramatic context for the monologue; where, for instance, exactly are we? Perhaps on a bomb site, perhaps in an institution. The content, in fact, supplies the form, with Mary recounting her adventures in crowded thoroughfares with a Stanley knife to slice through handbags and trouser pockets, interspersed with a confession of her affair with a school teacher and a less salubrious encounter with a sex maniac.

The tone throughout is convincingly maintained but judgment on Mr. Bill's ability as a playwright will have to be suspended until he shows signs of incorporating his talent of observation into a more theatrical confection. The director is Andrew Norton.

Two playwrights join Thames TV scheme

Thames Television has announced that two more playwrights have been nominated to join its Playwright Scheme. They are Leigh Jackson (27), author of *Eclipse*, and Ron Hutchinson (31), author of *Says I Says He*. Jackson is sponsored by the Royal Court Theatre and Hutchinson by the Royal Shakespeare Theatre, Aldwych.

The Thames Scheme—run through the company's committee for grants to bte arts and sciences—offers £2,000 to the sponsoring theatre to encourage the development of promising dramatic talent, by selecting a playwright for a twelvemonth attachment to the theatre.

Nicol Williamson at the Royal Court

From September 12 Nicol Williamson will appear at the Royal Court Theatre in *Inadmissible Evidence* by John Osborne. This production, to be directed by the author, will be the first revival of the play in London since it was originally produced at the Court in 1964, and its subsequent transfer to Wyndhams Theatre.

Nicol Williamson will also appear at the same theatre in *Sam Sam* by Trevor Griffiths. This will be the first time a play by this author has been performed at the Royal Court and it is a new version of the original, first seen for a brief run at the Open Space. It will open on October 24.

Festival Hall

Mass in B minor

Voices have been heard during the 1978 English Bach Festival suggesting that it was perhaps a mistake not to have performed all the pre-classical music on display on contemporary instruments. For myself, I am glad that Lina Lalandi follows a non-doctrinaire path, and that her festival still embraces, for instance, more than one way of performing the music of its household deity, Bach.

The Mass in B minor on Friday, which brought to a close the London activities of this inestimably valuable enterprise, was given what one might term a "median" performance. It was sung by a choir of about 40, very well prepared (by Stephen Cleobury) and sturdy of voice in each section, able to do justice to both the elating brilliance and the solemn grandeur of the choruses; and it was played by a small orchestra of modern instruments in the modern manner, with no attempt to pursue styles of phrasing or adjustment of degrees of vibrato that on other EBF evenings we have been taught to regard as authentic. But it was altogether a rewarding occasion for reasons more important than all the above: because the great work was rendered with a regard for its many layers of meaning and feeling that gave it new life.

The conductor was Helmuth Rilling, a Bachian with a considerable reputation in his native Germany. He was particularly good at keeping all levels of instrumental activity both muscularly rhythmic and cleanly meshed, particularly when some of the tempos stated for the larger choral movements (such as the opening "Kyrie") and for the solo duets might at first have seemed unusually slow. But the results were almost always justified, because every detail appeared to be the consequence of choice and careful consideration. There was a structure to the performance; it added up to more than the sum of its movements, and of the B minor Mass that can surprisingly seldom be said.

This thoughtful reading was well served by an interestingly chosen team of soloists, among whom the most familiar, John Noble, was also the least satisfactory — in the bass "Quoniam," the notes were seldom precisely in focus. Arleen Auger was a radiant soprano, bringing the long breath and limber movement noticed on her many recordings, but also manifesting more "flesh" on the tone than the microphone sometimes picks up. Ortrun Wenkel (alto) and *Heiner Hopfner (tenor)*, though neither kept entirely true of pitch at all times, were both gratefully firm and unaffected, plain in the best German style of Bach solo singing. And the baritone, Philippe Huttenlocher, delivered a most attractively light "Et in spiritum sanctum."

MAX LOPPERT

Russian theatre at Edinburgh Festival

A principal theme of the drama side of this year's Edinburgh Festival (August 20-September 9) will be Russian theatre as interpreted by both Russian and English companies.

The Malaya Bronnaya company will present Gogol's *The Marriage* and Turgenev's *A Month in the Country* in Russian with simultaneous translation available.

The British approach will be represented by Trevor Nunn's production of Chekhov's *The Three Sisters* for the Royal Shakespeare Company and by Toby Robertson's view of Chekhov's *Ivanov* for Prospect Theatre Company.

Shakespeare will also be strongly featured. The specially created Edinburgh Festival Productions will present *The Tempest* and *A Midsummer Night's Dream*.

At a new festival venue, Daniel Stewart's Melville College in Queensferry Road, the Royal Shakespeare Company will give *Twelfth Night* in the amount of space available for the earliest performances of the play.

The 32nd festival will have a particularly lavish opera programme. There will be five repeat performances of last year's *Carmen* in Piero Faggioni's production with Claudio Abbado conducting the London Symphony Orchestra and Teresa Berganza in the title role.

Zurich Opera's acclaimed Monteverdi cycle will be conducted by Nikolaus Harnoncourt and Scottish Opera will give three performances of Debussy's *Pelléas et Mélisande*. There will be two performances of Janacek's *Katya Kabanova* by Frankfurt Opera.

Three operas will be given in concert form. There will be the British premiere of Luigi Nono's *Al Gran Carico del Sole*. Stravinsky's *Le Rossignol* will be given by the BBC Symphony Orchestra conducted by Pierre Boulez, and Peter Maxwell Davies will conduct The Fires of London in the premiere of his own opera *Le Jongleur de Notre Dame*.

The 150th anniversary of Schubert's death, and the 50th anniversary of Janacek's will be recognised, as will the 75th birthday of Sir Lennox Berkeley and the 70th birthday of Messiaen.

Visiting orchestras include the Dresden Staatskapelle and the Chicago Symphony.

The London Symphony Orchestra will give two concerts under Claudio Abbado and two under the Russian conductor Yevgeny Svetlanov. The London Philharmonic will be conducted by Guilini and Barenboim.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Tuesday May 16 1978

Trade on the switchback

THE April trade figures are at least as good as the markets had come to expect towards the end of last week, with a visible deficit of £270m suddenly transformed into a surplus of £236m. The Department of Trade describes the deficit as "erratic" and the subsequent surplus as "exceptional." This is partly because the greater part of the latest improvement can be put down to a more favourable balance in oil and in the items which tend to fluctuate most sharply from one month to another. It is also because the shifts from surplus to deficit and back again over the past few months have been exceptionally frequent and violent. Even the usual device of comparing the past three months as a whole with the previous three gives little useful information about the underlying trend on this occasion, since the latest period happens to include two good months and the preceding period two bad months out of three.

In its commentary on the latest figures, indeed, the Department itself shows a healthy scepticism. The volume of exports shot up in April, but this performance is said to exaggerate the underlying trend which "at present is perhaps only slightly upwards." The volume of imports fell sharply, but the Department stresses that the trend is "almost certainly upwards." Outsiders would do well to be as cautious as the official statisticians.

Erratic

Because of the way in which the figures for any particular month can be distorted by trade in large items which are exceptionally "lumpy," the official return now includes tables which exclude the most important of these—ships and aircraft, North Sea oil installations, and precious stones. These are the tables on which analysis of the recent figures, so far as this is possible, should be concentrated. So far as the volume of exports is concerned, these tables show a slight recovery in April over March to a level below that of February but well above the average for any quarter of last year. So far as the volume of imports is concerned, they show a very sharp drop on the inflated March figure and one covering not only raw materials and semis but finished manufactures—for which the fall in the exchange rate may have been at least partly responsible. Perhaps the firmest ground that an optimist can find in the whole of these latest trade returns is the three-months rolling comparison of trade volume in the tables which exclude notoriously erratic items. The volume of exports, on this basis, is up by 8 per cent, that of imports by only 1 per cent.

Yet the official statisticians, as already pointed out, seem to have their doubts about even these figures as a guide to the trend. The Confederation of British Industry would share their doubts about exports. Its latest survey revealed a growing lack of confidence about export prospects, due not only to the state of world markets but to growing difficulty in competing on price: the recent increase in raw material prices points in the same direction.

Gilt-edged

By themselves, too, the latest figures are not enough to dispel the fears often expressed about the likely trend of imports. Apart from the fact that imports of raw materials are bound to rise with business activity—the fluctuations over the past few months may have been due to stockbuilding at a favourable exchange rate as much as to changing views about the business outlook—the UK propensity to import has been rising steadily, especially in the case of finished manufactures. Although the latest (and provisional) figures for retail sales published yesterday show little significant change between March and April, real consumer spending power is due to rise quite sharply over the next few months and it will be a welcome surprise if imports of consumer goods do not rise too. The latest trade figures are good, in short: they will relieve the financial markets of one major and immediate anxiety and help the authorities to sell more gilt-edged stock. Until these sharp month-to-month fluctuations cease and a trend becomes apparent, however, the same anxiety is still apt to recur.

Kaunda warns the West

THIS WEEK, two of the four African Presidents whose countries straddle the frontier between black and white ruled Africa are on official visits to Britain. The countries which President Kenneth Kaunda and President Sir Seretse Knama govern differ greatly in size, natural resources and geographical position. Yet despite this, the Zambian and Botswanan leaders have an overriding preoccupation. They want to see, and are deeply afraid that they will not get, a stable and relatively orderly transfer of power to the black majority in Rhodesia as happened, over a decade ago, in both of their countries.

Dr. Kaunda and Sir Seretse now recognise only too clearly that times have changed since they themselves came to power. The escalating guerrilla war in Rhodesia has meant that Botswana's careful policy of neutrality is fraying at the edges. Zambia finds itself, at ever increasing cost to its own economy, drawn into the Rhodesian struggle.

The dangers

For more than a decade now, Dr. Kuanda and his colleague African Presidents have warned of the dangers of an escalating conflict in southern Africa. They have rebuked western governments, in particular, for failing to appreciate black Africans' depth of commitment to majority rule and for failing, therefore, to put full western weight behind peaceful efforts to remove white minority governments. They have consistently warned the West that the black nationalists, thwarted in their attempts to win power peacefully, would seek it militarily, and would be bound, in the absence of help from the West, to seek support from the communist bloc. These key African leaders are not communists and neither, at least at the beginning, were any of the nationalist leaders.

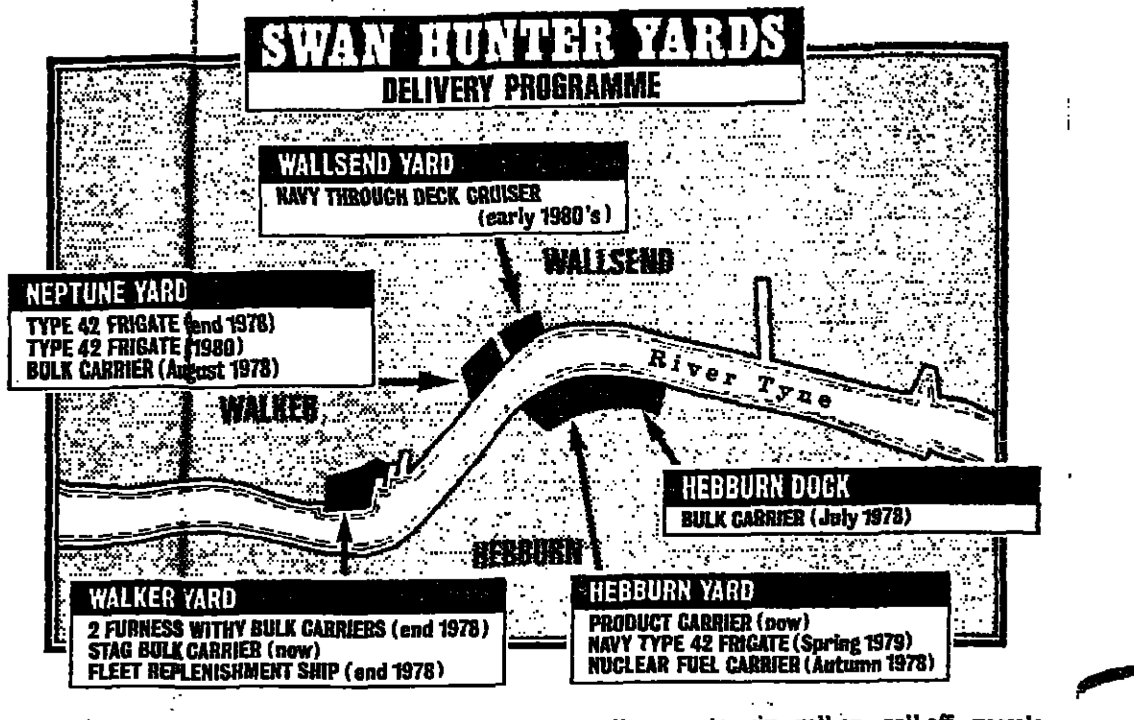
Much of these leaders' early prophecy has already come true. Angola, in the wake of the Portuguese coup, sought help from Russia and Cuba who put and now keep the present government in power. The Namibian nationalist movement is armed and trained by the Russians, while the Russo-Cuban alliance is now deeply involved in the affairs of the Horn. And while no overt Russian or Cuban influence is proved in the present invasion of Zaire, it is clear that Moscow and Havana would shed no tears at the downfall of the government of that western-backed mineral rich country.

Dr. Kaunda and Sir Seretse, with the clear backing of their colleague Dr. Nyerere of Tanzania, are now warning western governments that unless they act quickly southern Africa is likely to be next, and that this time the results will be worse—for them, and for the west. None of these Presidents sees the internal settlement in Rhodesia as a viable solution to that country's problems. The settlement, they argue, does not provide for a real transfer of power, it divides the African nationalists further, and becomes a recipe for civil war. It is neither politically possible — nor, they would argue, morally right—to persuade the Patriotic Front, one wing of which is already being armed and trained by the Russians, to accept the settlement. And Dr. Kaunda has now made it clear that his government faces a crucial decision as to whether it will seek military aid from Moscow and Havana both to quicken the nationalist military effort and to defend Zambia itself from increasing attack by Rhodesia—whose army is already relying on the use of foreign mercenaries, thus already implying a degree of internationalisation of the conflict.

Dr. Kaunda believes that the West can help. He believes that it can force the still white-run Rhodesian government to its knees, and thus to the conference table by use of the oil weapon, among others. He and his colleagues still believe that the Anglo-American settlement proposals, with their British resident Commissioner and their UN force, provide the best basis for a settlement. The problem with that position is that while there is widespread agreement with his objective—and his analysis of the dangers—there is no such agreement on his chosen method of achieving it.

Why time is running out for Tyneside shipbuilders

By IAN HARGREAVES, Shipping Correspondent



TODAY THE 26,000 deadweight ton bulk carrier *Desdemona* will slide from its building berth at Hebburn Dock, Tyneside, and one of Britain's most modern shipyards will be without a ship to build. When *Desdemona* completes trials and is delivered two months later, the dock—which at least from the point of view of technology is the jewel of the Swan Hunter group—will be without work of any kind.

Across the River Tyne at Swan Hunter's Wallsend yard, the massive, automated steel plate panel line designed for flow production of supertankers is also virtually idle, with nearly all the yard workers concentrating on building a highly sophisticated cruiser for the Navy. This task will take another three or four years, but it will not use the main facility the yard has been designed to offer.

These are among the symptoms shown by Swan Hunter, Britain's biggest shipbuilder, as the world shipbuilding crisis begins to take hold. The group's five yards do not have a merchant ship for delivery beyond next January.

The other symptom of the crisis emerged a few days ago, when the first men started to leave Swan Hunter's five yards in a wave of 1,152 redundancies announced in February after it became clear that the company had lost for good its share of the £115m Polish ships deal.

Since that debacle, in which the men gained a reputation as Britain's leading industrial lemmings and which has done serious harm to the reputation of the British industry abroad, much has changed at Swan Hunter.

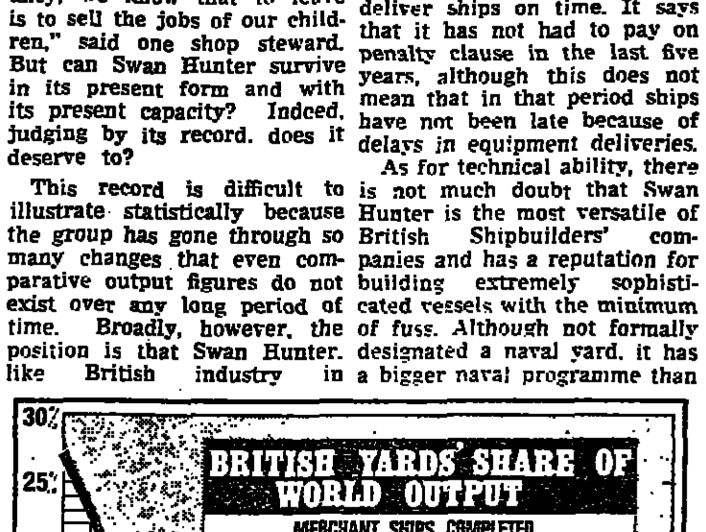
Most significantly, the group's trade unions have negotiated together for the first time and agreed a common pay structure. This gives outfitting trades, such as plumbers and electricians, the same basic £83 a week as the boilermakers, against whom the outfitters have traditionally vied in one of industry's more vigorous leap-frogging pay exercises. Under the new scheme, labourers will be paid an agreed proportion of the £83 and there will be a common starting date for all new agreements.

It sounds simple, but for an engineering concern with over 11,000 men—before the redundancies—and 150 years of inter-trades rivalry behind it, the scope of the agreement is remarkable. Already, management is speaking of "a completely changed atmosphere" and "morale better than we have ever known it." The men agree that relationships are much better although they bitterly reject the idea that the changes could not have been achieved without the shock treatment of the Polish deal.

But what really hurts is the fact that having put this industrial relations milestone behind them, work is still remorselessly running out. Shop stewards believe there is time to get back some of the Polish ships, but this will not happen. There is the chance of a small American oil tanker contract, but this has still to be finalised. The yard is virtually certain to get the Navy's next cruiser although on present plans this will not require the cutting of steel—of which the group is most critically short—before 1979.

So the future of Swan Hunter is in the balance. With Tyneside unemployment already at the 10 per cent. mark and other heavy industry in the area not without its problems, any question mark over shipbuilding is a threat to the Newcastle district's economic heart. "No matter how much money the Government offers in redundancy, we know that to leave is to sell the jobs of our children," said one shop steward. But can Swan Hunter survive in its present form and with its present capacity? Indeed, judging by its record, does it deserve to?

This record is difficult to illustrate statistically because the group has gone through so many changes that even comparative output figures do not exist over any long period of time. Broadly, however, the position is that Swan Hunter, like British industry in general, has not increased its production significantly since the 1940s.



Productivity, also hard to measure because of the wide variety of vessels under construction at any one time, is said to have risen to a peak about three years ago, when Wallsend's plate line was working at full stretch for a series tanker order for the ill-fated Swan Maritime consortium with Maritime Fruit Carriers.

As the Swan Maritime programme has been worked through—the last product carrier, recently sold to Venezuela, was named at Swan's Hebburn Shipyard last week—productivity has fallen. Not surprisingly, where work is petering out it has become an increasing problem. Absenteeism at the yard is running at 12.3 per cent—worse than the industrial average for all industry, but better than the average for shipbuilding.

Mr. Norman Gilchrist, the group's head of industrial relations, believes that with the labour agreements recently secured and a reasonable order book, the yards would now be a good match for any in Western Europe. There is still plenty of room for small improvements in working practices, he agrees, but he says the fundamentals have now been sorted out. In addition to the common pay deal, Swan Hunter has for some years had an agreement for mobility between yards and jobs. This was well in advance of some other groups in British Shipbuilders.

One criticism which the group strongly resists is the suggestion that it cannot deliver ships on time. It says that it has not had to pay on penalty clause in the last five years, although this does not mean that in that period ships have not been late because of delays in equipment deliveries.

As for technical ability, there is not much doubt that Swan Hunter is the most versatile of British Shipbuilders' companies and has a reputation for building extremely sophisticated vessels with the minimum of fuss. Although not formally designated a naval yard, it has a bigger naval programme than any of the nominated warship builders.

This reputation for good workmanship has, however, been achieved largely without investment in modern facilities. The tooling in some of the yards is pre-war.

This reflects the industry's fundamental problem during the days of private ownership when not enough cash was generated to modernise, although in nearby Sunderland there are examples of much smaller companies which managed to invest in new series building systems.

Swan Hunter did invest £8.5m in its Wallsend yard for the panel line and new cranes between 1971 and 1975 and £12m was spent on a thorough overhaul of Hebburn Dock, but the other three yards have received little capital spending. Shop stewards use this as their defence against any charge of overmanning.

Marketing has been another traditional weakness of the British shipbuilding industry. Having grown used to a steady flow of orders for the UK's still very large fleet, companies like Swan Hunter are ill-suited to the kind of highly intensive marketing which is required in to-day's conditions. One leading British shipowner admits in private that during a period of almost ten years, he had only one visit from a British shipbuilding executive. The Japanese arrive in threes.

Nowhere has this failure to adapt to markets been more apparent than in the offshore oil field, where a company like Swan Hunter was well placed to resist the carve up of the marine supply side of North Sea development by Scandinavian, Dutch and German interests. But it failed to do so.

Although many in the company have now grasped the urgency of the problem, some shop stewards still argue that Japanese shipyards are less well equipped to build sophisticated ships than the best of the Europeans. Even the South Koreans, unknown in world shipbuilding six years ago, are producing container ships of medium complexity. These Far Eastern ships are now being marketed at sometimes half the price which Swan Hunter is able to offer and not infrequently with much shorter delivery times.

Under the pressures Britain's share of world ship output has slumped from 27 per cent to just over 3 per cent inside 25 years. No one even talks any more of being able to compete with the Japanese and Koreans on the construction of relatively uncomplicated vessels such as tankers and large bulk carriers.

With demand for ships in a state of collapse and most industry forecasters expecting orders to run at less than a third of the industry's capacity for another three to four years, the outlook is bleak.

For Swan Hunter four possibilities suggest themselves: a breakthrough into highly specialised markets where competition is less fierce; massive subsidies from the Government; some sort of scrap-and-build scheme to encourage British owners to keep the yards busy; and an acceleration of the naval building programme.

All of these, with the possible exception of scrap-and-build, which British Shipbuilders is currently considering in detail, seem likely to play a part. There is a limit to the effectiveness of the first option because of heavy competition even in the construction of very complex vessels, but no one is in any doubt that without a shipbuilding intervention fund even larger than last year's £65m to offset lack of price competitiveness, the industry cannot survive.

As for naval work, there is intense competition between British Shipbuilders' yards for these orders, but it seems a fair bet that political fears of aggravating already serious unemployment in key areas of Labour support such as Tyneside will be enough to encourage the Government to bring forward the warship building programme.

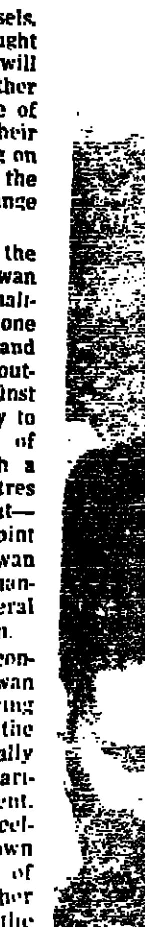
British owners, although they would no doubt respond to a generous scrap-and-build policy, are unlikely to order many ships this year. An exception is European Ferries, which could be in the market for up to six roll-on roll-off vessels. This company has never bought British in the past and it will be interesting to see whether it feels that the poor image of British yards—particularly their reputation for not delivering on time—has improved to the point of encouraging a change in buying policy.

It might be argued that the crisis will simply force on Swan Hunter a long overdue rationalisation, obliging it to close one or more of the older yards and to concentrate on increasing output at the modern ones. Against this is the loss of the ability to build many different types of vessel simultaneously which a reduction of production centres would cause and the fact that—from British Shipbuilders' point of view—the worst of the Swan Hunter yards is less of a financial headache than several others within the corporation.

These are the strategic considerations. Meanwhile, Swan Hunter's management is trying to alter the composition of the workforce, which was specially geared up to build Swan Maritime tankers, when 45 per cent. of the workforce were steelworkers. This figure was down to 40 per cent. at the end of March and will be further reduced because the bulk of the present redundancies are among boilermakers.

The problem in planning for change is that, if the industry forecasts are correct and Swan Hunter bears an average share of the contraction, it will suffer heavily: reduced to perhaps a couple of yards and to about half its workforce.

Mr. Gilchrist says: "If you look clearly at the figures for world demand, you would simply go home and shoot yourself. But we know from past experience of the industry's cycles that shipbuilding isn't like that and our aim is simply to hang on, by hook or by crook, until we come through to better times."



MEN AND MATTERS

New crusade for angry islanders

The Foreign and Commonwealth Office is far from amused at being belaboured about two contributions of £500 each sent to the war victims of Portsmouth and Plymouth 31 years ago by a group of Pacific islanders. The FCO has long wanted to hear the last of the islanders, who are the dispossessed Banabans of Ocean Island; but the campaign in this country to help them is now acquiring renewed force. Sir Bernard Braine, Tory member for Essex, South East, and a dozen more MPs of all parties, intend to make Britain think a great deal about the Banabans.

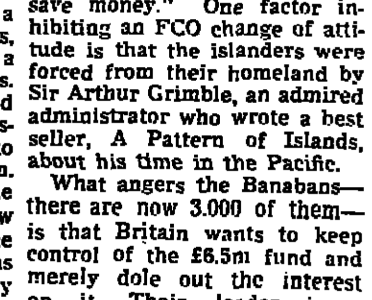
As a first step, Braine and five other MPs will put questions next week in the House to Foreign Secretary David Owen. In essence they want the Government to say how it now interprets its moral duty to the islanders, whose homeland has been mined — and totally ravaged—for 75 years to extract phosphates. "This has been, in my view, a very shabby episode in our colonial history," says Braine, a leading Conservative authority on Commonwealth affairs.

Among the patrons of the "Justice for the Banabans" campaign are Leon Brittan, on the Tory front bench, Lord Pitt, Colonel J. R. P. Montgomery, and Joan Lestor, chairman of the Labour Party: she is down to ask one of the questions next week.

The value of the phosphates taken out of Ocean Island in 75 years is £78m. During the war, the Japanese shot some of the Banabans and put the rest in labour camps. Some 700 survivors sent £1,000 to Plymouth and Portsmouth. The six MPs making up the campaign trustees contrast this with the £9,000 awarded in compensation 18 months ago after a High Court action lasting five years. Later the British Phosphates Commission (BPC)—owned by the British, Australian and New Zealand Governments—offered £800,000; then last year Britain offered to create a trust fund of £6.5m drawn from BPC reserves, but with severe restrictions.

Braine went on a fact-finding tour to the Pacific two years ago with John Lee, Labour MP and lawyer—and also a leader of the campaign. "Callaghan was very badly advised by the FCO on the matter when he was Foreign Secretary." Braine told me yesterday. "He wanted to save money." One factor inhibiting an FCO change of attitude is that the islanders were forced from their homeland by Sir Arthur Grimble, an admired administrator who wrote a best seller, A Pattern of Islands, about his time in the Pacific.

What angers the Banabans—there are now 3,000 of them—is that Britain wants to keep control of the £6.5m fund and merely dole out the interest on it. Their leader is a Methodist preacher, the Rev. Tebuke Rotan. His motto is "Atuara Buokira"—God Help Us.



"How long can we go on whispering 'Wolf'?"

All figured out

With commendable attention to detail, the German Chamber of Commerce in the UK has worked out how much to put up its subscriptions. Members are told that "inflationary tendencies" in Britain since 1975 have put up the retail price index by 41.4 per cent., "and by the beginning of 1979 this accumulative inflation may well stand at 49 per cent." So it recommends a rise in the subscription for British members to £75 plus VAT, an increase of 36 per cent in three years. The German-based members are let off more lightly: the Chamber notes that they have not had to face an increase since 1971, since when the German cost of living index has risen by 40 per cent, "and by the beginning of 1979 may well stand at 43 per cent." So the German members will have to pay DM 500—a rise of 25 per cent, in seven years.

Zia's remedy

A month ago, General Zia ul-Haq, Pakistan's military ruler, was maintaining that the Pakistan press was among the most free in the world. A strongly self-righteous man, he is unlikely to think that the flogging of three journalists at the weekend for going on a hunger strike contradicts this view. The journalists were protesting at the curbs Zia has imposed on reporting in Pakistan, particularly on news stories favourable to ex-Prime Minister Zulfiqar Ali Bhutto.

Zia took over last July, declaring his belief in democracy. Privately he now says that he decided against killing Bhutto at the time of the coup to avoid bloodshed. He also admits that he has no intention of being deterred from hanging Bhutto, who will appear before the Supreme Court on Saturday to appeal against the death sentence passed by the Lahore High Court.

Seventy journalists and newspaper workers have been arrested and some 700 more have volunteered to go on hunger strike. By flogging three the army hopes to deter the others. The policeman delivering the lashes has a run up of about 10 yards. Most people lose consciousness after seven lashes. The journalists got between three and five.

Punic puff

At the risk of giving publicity to a somewhat contentious topic, I have to report evidence of pot-smoking during the First Punic War (264-241 BC). The information comes from the Science Museum in South Kensington, describing the excavations by a British team of a warship which sank off Sicily during an engagement between the Roman and Carthaginian fleets. An exhibition opening next week at the museum will include photographs of the contents of the vessel; the experts say that because of anaerobic (oxygenless) conditions of the seabed, two baskets of plant material have been "Identified as probably being *cannabis sativa*."

You can take your pick as to whether this is evidence that all the sailors went into battle smoking pot, or merely that the crew in question were sunk through being more fuddled than their foes.

French flattery

Those export credit cognoscenti, who believe that Britain's Export Credits Guarantee Department (ECGD) has the edge on foreign competitors, claim that its French counterpart COFACE is now answering the telephone with "ICI-GD."

Observer

هكذا منذ الأزل

هكذا مضى الأجل

FINANCIAL TIMES SURVEY

Tuesday May 16 1978

MALAYSIA

The Malaysian leadership has shown strength and resilience in dealing both with its political opponents and the problems which have dogged the country since independence. But, although investment is still hesitant, in spite of moves to relax the Bumiputra policy, the outlook for the economy suggests the bottom may have been reached.

Problems in steering a complex society

MALAYSIAN LEADERS have always faced a difficult task managing the country's three intractable problems of communalism, communism and corruption. The achievement of Datuk Hussein Onn over this past year has been that by acting firmly on all three he has dispelled the doubts about the quality of his leadership which were voiced when he became prime minister in January 1975.

It has not been easy. Only a few months ago his coalition government led by his own United Malays National Organisation (UMNO) looked in danger of falling apart. The main challenge came from the extremist Party Islam, a powerful Malay nationalist and pro-Moslem group which dismissed its own chief minister in the state of Kelantan and withdrew from the central coalition government.

The move threatened to divide the Malays against themselves and in turn ignite old communal feelings against the Chinese. Datuk Hussein declared an emergency in the state and two months ago called an election which he won handsomely. In doing so he both strengthened his own position and lowered the temperature of communal tension by delivering a blow to the extreme Malay right wing.

Challenge

He was equally tough when faced with another powerful challenge in March from Datuk Harun Idris, the former UMNO youth leader and Chief Minister of Selangor who had been convicted on charges of fraud, forgery and corruption. In spite of the potentially explosive pressures on him to pardon Datuk Harun, the Prime Minister stood by the letter of the law and Datuk Harun went to prison.

The growing impression is therefore of a leader steadily asserting his authority over his colleagues and party in a manner that was not foreseen when he took over the premiership from Tun Abdul Razak. He is quiet, and slow to make decisions, but determined to carry through policies on which he is convinced.

He is also well placed to face the UMNO Congress in June, and is confidently expected to be confirmed as party president. A problem ahead is to choose a date for a general election, even though it is only due by August next year. He could go to the polls before the UMNO conference in an attempt to head off a likely storm from Harun's supporters, or he could hope that the Congress itself will further consolidate his position, which would make July the most probable date.

With victory for the ten-party National Front coalition in very little doubt, the main interest in an election will focus on the inevitable haggling ahead of the poll over the allocation of seats by UMNO among its coalition partners, and the performance of opposition parties like Party Islam and the predominantly Chinese Democratic Action Party (DAP).

Though neither of these two is expected greatly to improve its position, the DAP has managed to capitalise on the objections of many Chinese parents and students to the handicap imposed by the so-called "quotas over merit" policy which favours Malay applicants for cherished university places. Complaints about this are ruled out as it is seditious in Malaysia to question special Malay rights and privileges. But the DAP's proposal for a "merdeka" (independent) Chinese-language university has embarrassed the main Chinese party in the National Front, the Malaysian Chinese Association (MCA), on whose participation in government UMNO depends for continued communal peace.

The MCA has been unable to reject the idea and unable to accept it, and the Government as a whole has done little to tackle the roots of the problem. The Deputy Prime Minister, Dato Seri Dr. Mahathir Mohamed, says the education issue always builds up at election time, but he recognises that the present position is more serious now because countries which took overseas Chinese students in the past are limiting the numbers they will accept.

The issue is an example of how the Government's policy of favouring Bumiputras (indigenous Malays) has not worked as intended under the new economic policy of 1970. Introduced after the post-election riots in Kuala Lumpur in 1969, the policy is an attempt to redress the economic disadvantages of the Malays, who complained of Chinese ascendancy in commerce and industry.

Its success depends on minimising the backlash on the Chinese (37 per cent. of the population) and the Indians (9 per cent.), and in education the Chinese obviously feel aggrieved. With the economy not growing fast enough to generate the 743,000 additional jobs planned between 1976 and 1980, it seems likely that young Chinese job seekers will be penalised on this count as well.

The Government is aware of the anxieties. The rate of economic growth has been falling from 11 per cent. in 1976 to 7 per cent. last year and a projected 6½ to 7 per cent. this year. It is unlikely to fall much further because of the sound base provided by export earnings from Malaysia's dependable and diverse range of commodities, which now includes oil as well as rubber, tin, timber and palm oil.

Slowdown

Nonetheless the Government has tried to counter the slowdown in private investment which is the main factor behind the falling growth rate by increasing public expenditure. Fearful of exacerbating inflation further, however, it believes this has now reached a peak beyond which it would be dangerous to go.

The government has therefore followed another tack over the past year as well. Recognising that local and foreign businessmen are worried about the Bumiputra policy because it lays down requirements over taking Malay partners and employing Malays, the Government has taken steps to show that it wants to be more flexible.

Apart from amending the industrial co-ordination act, which businessmen saw as a means of implementing the policy by licensing manufacturing activity, the government has offered reassurances that in particular instances compliance with the strict requirements of the policy will be temporarily waived if that will ensure the project concerned goes ahead. These reassurances have come from Dr. Mahathir, whose growing authority as Deputy Prime Minister and past pro-Malay image are two useful political assets in such a delicate task. So far there is no sign that investment has begun to pick up in response.

BASIC STATISTICS

Area:	127,316 square miles	Trade	
Population: (1976)	12.3m.	Imports (1976)	M$10bn.
GNP (1976)	M$27bn.	Exports (1976)	M$14.5bn.
Per capita	M$2,195	Imports from U.K.	£147.5bn.*
Currency=Ringgit		Exports to U.K.	£223.6bn.*
£1=M$4.3465		(* 12 months to Dec. 1977)	

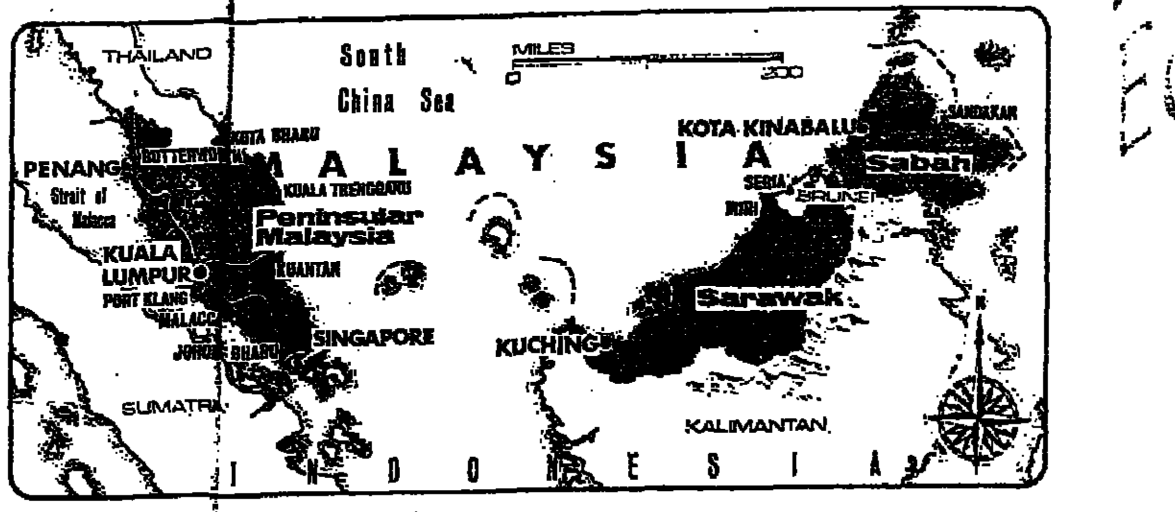
Local Chinese businessmen, who want to see the Industrial Co-ordination Act scrapped, have a particular grievance beyond their anxieties about the inroads the policy is making into their traditional areas of activity. They say that foreign interests are the dominant economic force in the country, and that the policy foreshadows a halving of foreign ownership of share capital in Malaysia by 1990 to 30 per cent. Yet they feel they are being penalised under the policy—for while foreigners are being encouraged to invest, they say that their own entitlement to 40 per cent. is insufficiently recognised.

Under the policy, Malay individuals and Malay interests should receive the remaining 30 per cent. share of the corporate sector's equity capital. This phased transfer of ownership is already slipping behind schedule because of a shortage of Malay buyers, and as a result a phalanx of government backed institutions is taking up the slack.

These include banks and state development corporations, the giant national corporation Pernas, MARA (the Majlis Amanah Rakyat) or council of trust for indigenous people and most recently the M$200m. Bumiputra investment foundation, which will hold in trust shares reserved for Malays. All the institutions are strictly speaking Malaysian rather than Malay.

The policy has inevitably produced abuses over shares, jobs and contracts. Malays buy reserved shares and sell them at a higher price. They jump between jobs, and give their names to Chinese-run companies to win Malay-reserved contracts. On the overall objective, a knowledgeable former official admits: "It wasn't really thought out clearly. Thirty per cent. was selected as a kind of reasonable compromise, being less than the 53 per cent. Malay proportion of the population. It has become an obsession."

The Chinese are also having to face up to the fact that the retreat from the principles of merit and free enterprise in order to help Malays has not been matched by "compensatory" improvement in the numbers of Chinese in senior administrative, military, police and judicial posts. Moreover, as the Chinese have lost their old grip on the important cabinet posts of finance and trade and industry, and the number of Chinese parties in the National Front has grown, their political influence has waned.



The Malays are meanwhile facing their own traumas of urbanisation. An anti-materialist extreme Islamic grouping known as the *Dakwah* movement has caught the imagination of many young Malays unable to tolerate the pace of urban life, and there is a growing incidence of drug abuse and heroin addiction. Datuk Hussein has said that "religious extremism" and drugs are problems as important as communism—an addiction of how nervously the trend is regarded.

The worries about communism have not prevented him following up the 1975 establishment of diplomatic relations with Vietnam, however, by a trade and technical agreement. This was signed when the Vietnamese Foreign Minister visited Kuala Lumpur earlier this year. At the same time, the Prime Minister has moved to forge closer links among his Asean partners, though there have been difficulties over the continuing exodus of refugees from the Philippines' southern island of Mindanao, where a Moslem movement is in revolt against the regime of President Marcos.

Sensibilities

Dealings with Britain, the former colonial power, have been even more vexed. Malaysian sensibilities have been hurt by what officials consider an attitude of "taking Malaysia for granted" in the past.

The trigger point came last year after changes to the air services agreement negotiated between the two countries had left the Malaysians unhappy.

When the Concorde service to Singapore was announced last October and Britain sought permission for the aircraft to overfly Malaysian airspace, Malaysia refused on what was called environmental grounds. Britain is offering renegotiation of a new pact without preconditions but expects to see Concorde given a trial period first. Both sides maintain the two issues cannot be linked.

As a major commodity producer, Malaysia has been closely involved in discussions over a common fund which would help stabilise commodity prices. Malaysia's chief worry about the type of fund now under discussion is that it could find itself putting in an unacceptably high contribution without receiving a commensurate benefit. It stands to gain most from a fund financed largely by Western governments, but is realistic enough to recognise this will probably not materialise.

Chris Sherwell

Stable outlook on the political front

MALAYSIA HAS to go to the polls before August next year, but beyond the fact that the outcome of the election is easily predictable—the ruling National Front should be returned to power with a large majority; bringing popular confirmation for Datuk Hussein Onn as Prime Minister—little is certain.

Election fever has already begun to grip the country. Datuk Hussein took over the premiership on the death of his predecessor Tun Abdul Razak, and has been in office for 28 months without going to the country. The general view is that he will call an early election to capitalise on developments over the past few months which have vindicated his political judgment, boosted his image and transformed his fortunes.

At one point late last year, Datuk Hussein looked as though he needed something to bolster his sagging position, for the National Front appeared to be coming apart at the seams. Its members had captured 135 of the 154 seats in the Dewan Rakyat (house of representatives) in the August 1974 election, and 210 of the 238 seats in the 13 State Assemblies. But since Datuk Hussein had come to power, the Selangor and Perak Chief Ministers had had to resign, the Sabah Chief Minister had been dismissed and the Chief Ministers of Sarawak and Malacca were under serious challenge.

Embarrassed further by "confessions" of communist sympathies from two federal deputy ministers earlier in the year, the mood spelled trouble for the United Malays Nation Organisation (UMNO) — the Malay party which has completely dominated the government coalition since independence in 1957. The difficulties suggested an unusual lack of control and with worse to come, threatened to undermine Datuk Hussein's credibility.

Domination

The dismissal of the anti-corruption Chief Minister of Kelantan, Datuk Mohamed Nasir, marked the nadir. Datuk Nasir was a member of the strident Malay Party Islam (PAS) which had dominated Kalantan politics since 1959 and which Tun Razak had brought into the National Front in 1972. He had been appointed Chief Minister by Razak against the wishes of the PAS national leader, Datuk Mohamed Asri Muda, and was a close associate of UMNO's Kelantan Chief, Tengku Razaleigh Hamzah, the Federal Finance Minister, a connection which discomfited PAS.

When Datuk Nasir moved to recover land leases as part of a campaign against the corruption that he believed had retarded the State's development, fearful PAS members of the Kelantan Assembly voted to dismiss him. This provoked demonstrations and riots in support of Nasir of such vehemence that a drastic decision to impose emergency rule was taken in Kuala Lumpur in November. Against UMNO orders PAS Federal MPs voted against the move and the party left the National Front. The spectre of Malay disunity was raised.

Three months later and largely at the behest of Tengku Razaleigh, Datuk Hussein suddenly lifted the emergency and called a surprise election for March 11. After a carefully planned campaign that mixed just the right proportions of carrots (development projects for the backward state) and sticks (directed exclusively at PAS), UMNO and Datuk Nasir's newly-formed Party Berjasa completely routed PAS, taking 34 of the 36 State Assembly seats between them.

The spin-off was considerable. The crushing victory destroyed the myth of PAS ascendancy, undermined the political career of Datuk Asri, reforged Malay unity where the opposite had seemed likely, and restored the fortunes of Tengku Razaleigh. (He had suffered by the "confessions" of the Federal Deputy Ministers with whom he had been associated and had not exactly covered himself with glory while heading the two national corporations, Pernas and Petronas.) Datuk Nasir was rewarded with a cabinet post last month.

The surprise and welcome boost for Datuk Hussein, the most important outcome, came just after he had caused the final act in the protracted Harun affair to be played out, winning still more hearts though alienating a few others. Convicted of fraud, forgery and corruption, Datuk Harun Idris, a former Chief Minister of Selangor and UMNO youth leader, had failed in his appeal to the Privy Council. In the hope of a pardon from the King, he refused to go to jail claiming he was already a prisoner in his own home.

As Kuala Lumpur prepared for trouble, Datuk Hussein — who had earlier had to back down over re-admission of Harun to UMNO — stood firm by his commitment to stamp out corruption and adhere to the rule of law.

Harun went to jail, ending his flamboyant career. Datuk Hussein's courage on this issue and this man — Harun's business dealings had come into question as early as 1969 — earned him more admiration and support than any election victory could have done.

As a consequence, although Datuk Hussein had managed in December to reshuffle his virtually inherited Cabinet more to his satisfaction, the need for an "election Cabinet" as it is called, seemed even less likely, and a quick poll to capitalise on his achievements and confirm his position looked unnecessary. All the same this meticulous man with the reputation for taking one decision at a time had moved so quickly and with such tactical know-how over Kelantan that the odds shortened considerably on an election in the four-week "window" before the month of Moslem fasting in August. The thinking is straightforward. Though there is no longer any real hurry and an election next year (the next "window") would come when the fruits of the Third Malaysia Plan appear, its very predictability so far in advance would make for an arduous and potentially troubled campaign. At the other end of the calendar, the appearance on the voters' rolls of some 880,000 newly-registered electors next month rules out a pre-June date, and the UMNO annual congress from June 22 to 25 is said to count against a pre-July poll, though that is not inconceivable.

The UMNO Congress dominates political horizons as much as the election, since Malays dominate the political scene and UMNO dominates Malay politics. It is always a special event, but this year the triennial elections to party posts will determine nothing less than the national political succession—an important matter in a country where political skirmishing revolves as much round the ambitions of individuals as it does round the representation of key interests in the community.

Datuk Hussein is certain to be confirmed as party president (he became acting president on Razak's death), buttressing his leadership still further. The Deputy Prime Minister, Dato Seri Dr Mahathir Mohamed, is virtually certain to be elected Deputy President (and next Prime Minister), an achievement in itself after his controversial appointment.

Impression

Dr. Mahathir has consolidated his position by giving the impression that he has moderated his strong pro-Malay image (he left UMNO in the 1960s and spoke on PAS platforms, and his provocative book, The Malay Dilemma, remains banned). He has also added to his authority by acquiring the trade and industry portfolio, and, knitting these achievements together, he has sought to mollify Chinese businessmen anxious about the new economic policy. His seat in parliament is meanwhile under strong challenge in Kelantan from those factions seeking to re-establish their position.

Greater interest attaches to the three elected vice-presidents (another two are ex-officio posts) for which there are four main contenders:

Tengku Razaleigh, the young and ambitious Razak protege whose star rides high after Kelantan, promising retention of the vice-presidential position he now holds.

Tan Sri Ghazali Shafie, the Home Affairs Minister who got his chance through the National Operations Council which ruled in the aftermath of the May 13 riots and who now commands a good deal of power as head of the police and internal security network.

Datuk Musa Hitam, a young associate of Dr. Mahathir who was sacked from the cabinet with him in the late 1960s and is now back, in the "springboard" Ministry of Education (Razak Hussein and Mahathir did a stint there).

Ghafar Baba, UMNO's Secretary General, and a former Agriculture Minister whose behind-the-scenes work for the party, notably in the Kelantan election, has earned him good odds to retain the vice-presidential position he already holds.

Just as the UMNO politicians jostle for position ahead of the Congress, so the anticipated election has invigorated the other parties in the National Front. The parties will campaign for votes under a single banner, and will not compete with each other in spite of their strenuous efforts to maintain their separate identities outside election time. The allocation of seats and the selection of candidates is therefore crucial, and the choice effectively rests with UMNO, and specifically Datuk Hussein. UMNO democratically makes its own decisions for itself, and then after consultation imposes its decisions for other parties because, it is said, they cannot settle the matter among themselves. In the 1960s this system apparently worked to the satisfaction of the Malaysian Chinese Association (MCA) and the Malaysian Indian Congress (MIC), partly because with UMNO they were the only components of the alliance and partly because their leaders held influential positions in the Federal Cabinet — the MCA leaders, for example, customarily held the two financial posts (Finance, Trade and Industry), an acknowledgement of their dominant role in the country's business affairs.

That has changed as the Chinese position has eroded. The MCA's influence has been diluted by the broadening of the alliance in the 1970s into the National Front, with its ten component parties. The broadening allowed the participation in government of five representative parties from East Malaysia, but at the same time (and by a sophisticated if obvious move from Razak) also brought in parties like the non-Malay People's Progressive Party from Perak and the predominantly Chinese Gerakan Rakyat (People's Movement).

On top of this the MCA has allowed its entitlement to important Cabinet posts (the MCA leader is now Minister of Labour, albeit a senior Government member). And his loss of bargaining strength has been exacerbated by less effective leadership. At a time when the powerful position of the Chinese business community has been under siege, this dilution of what was never enormous political strength is regarded by many Chinese as costly, though it is also admitted that they have so far watched the trend largely from the sidelines.

The result is that the Chinese parties have failed to exploit evident political weaknesses in the Malay leadership, and have become pre-occupied in competing with each other for the attentions of UMNO.

Strength

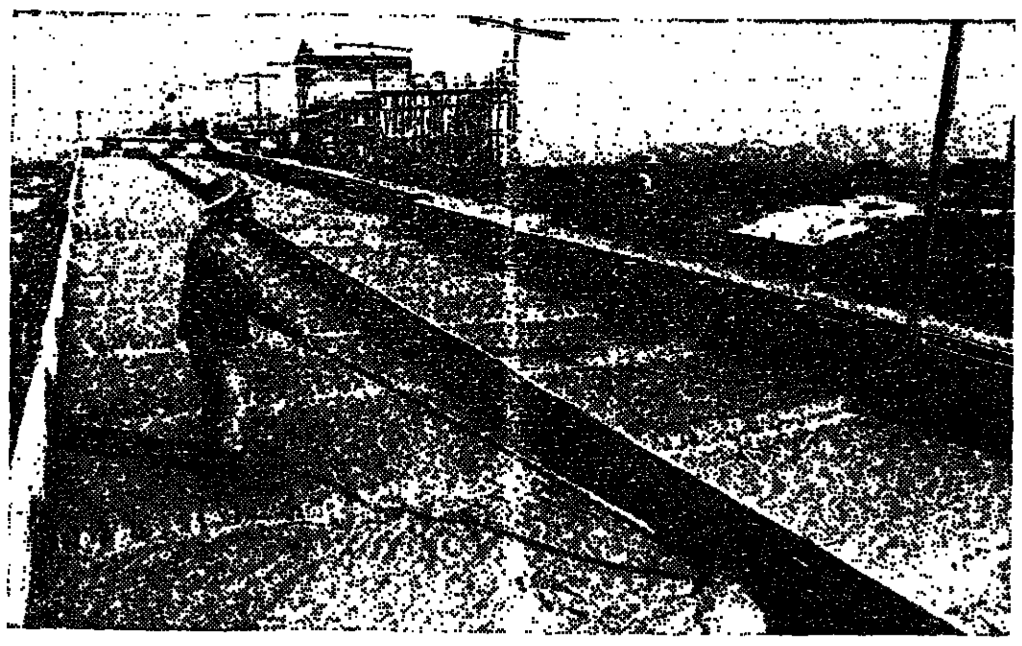
If all this suggests that UMNO's position looks unassailable, it does not mean no political forces are trying to back away its base. Datuk Hussein puts communism at the top of the list of problems the government and country face, and apparently with some reason. There are no liberated zones in the country, nor any "no go" areas, but the threat posed by some 3,000 guerrillas in three areas across the Thai border and some 500 inside Peninsular Malaysia as far south as Bentong, just 50 miles north of Kuala Lumpur, prompted some well-publicised action last year.

The Malaysians launched three combined operations with the Thais during 1977 under new agreements as well as a number of minor operations by their own security forces in Pahang, Perak and Kelantan. The army said the ground and

CONTINUED ON NEXT PAGE

MALAYSIA III

Economy in need of investment



Raking ore at a gravel pump tin mine.

HIGHER PUBLIC spending has helped offset the recent slowdown in private investment in Malaysia. But it has failed to arrest the fall in the growth rate from a handsome 11 per cent. in 1976 to 7 per cent. last year and a projected 6½ to 7 per cent. this year. This may still seem high by international standards but few other countries can look to a combination of rubber, oil, timber and tin to boost their export earnings.

The official explanation for the slowdown in private investment is the impact of the longer than expected world recession. A more important factor is that businessmen are holding off from new commitments because of their dislike of the requirements under the New Economic Policy to guarantee jobs and an equity stake for Malays.

As a result private investment has been well below the target of an annual ten per cent. increase in real terms over the 1976-80 period set under the New Economic Policy. A four per cent. increase in 1976 was followed by a six per cent. increase last year, excluding the oil sector. If the M$400m. of petroleum - related investment last year is included, private fixed capital outlays rose by a more impressive 11 per cent.

But the Bank Negara (the central bank) is worried by the trend. Its recent annual report says: the nation's stock of fixed capital has expanded far too slowly in recent times. The volume of business fixed investment per person added to the labour force was appreciably smaller than it had been during the late 1960s and early 1970s. This development would undeniably affect medium term growth of productivity."

Spending

To counter the trend the government pushed up public expenditure by 23.4 per cent. last year (against 14.7 per cent. in 1976) through civil service pay rises, spending on development projects and loans to public agencies and state governments. This year government expenditure is to rise again, though at about half the rate of last year, partly because officials are hoping for a recovery in private investment.

But fears of exacerbating inflation also limit the amount of infrastructure spending considered prudent at a time when there is not the manpower available to carry out all the projects in hand. The Government is also not willing to make a major move into public sector industrial investment because of the belief that this might signal a weakening of its commitment to the private sector.

It equally believes that there is no point in further lowering interest rates. Investors have not taken advantage of easy money terms, with the result that liquidity ratios have soared over the 40 per cent. mark, some 15 points above the minimum requirement. Money supply (including fixed and savings deposits of the private sector) rose 27.7 per cent. in 1976 and 16.4 per cent. last year.

This has raised Government fears of pressure on domestic prices. Inflation last year was 4.7 per cent. (2.6 per cent. in 1976), but would have been larger had the national oil corporation, Petronas, in a move designed to avoid boosting the money supply still further, not been allowed to accumulate its large foreign exchange earnings abroad. The Government views the present 5 per cent. inflation rate with considerable concern, and fears that investors will accept it as the norm for the future.

In an attempt to restore business confidence the Government has amended the Industrial Coordination Act, a major source of unease when it came into effect in May 1976. Businessmen saw the requirement of a licence for manufacturing activity as not only impairing their flexibility but also as a device to make them take Malay partners and employ Malay workers under the Bumiputra policy. The Government insisted the Act was intended to ensure orderly growth.

The amendment excludes small concerns from the licence requirement and also relieves them of the need to reserve 30 per cent of equity for Malays, which threatened to delay investment still further because of insufficient Malay purchasers. Though the amendment is specifically directed at the many small Chinese enterprises in the country, the Chinese business community still wants the Act scrapped. The government refuses, saying the number of licence applications proves the Act is not hampering investment.

Further signs of government accommodation have come in speeches this year from the Deputy Prime Minister, Dato Seri Dr. Mahathir Mohammed. He has said that the government is prepared to consider "variation of and deferment from complying with specific conditions" of the industrial coordination act "depending on the merits of each case." He also says that "no projects have been or will be prevented from being implemented" simply because a company cannot fulfil the Bumiputra reservation condition.

Coming from an ardent advocate of special Malay privileges in the late 1960s who now commands sufficient authority from the Deputy Prime Minister's chair to make people believe him, these indications of a new flexibility are being welcomed as significant. Dr. Mahathir's long experience on the foreign investment committee, overseeing implementation of the Bumiputra policy, has added to this feeling.

All the same, the worries seem to persist. Businessmen say ministerial assurances are not enough, from however high a level, unless civil servants implement the policy flexibly with ministerial instructions in mind. Dr. Mahathir speaks of a "changed style" of government now, and says this will be done, but businessmen also wonder whether deferment of compliance is enough, anticipating that the Government might step in on behalf of Malays if their ventures are profitable, but probably not the reverse.

The Bank's projections about business confidence and private investment reflect this uncertainty. It says its latest survey of industrial trends and expectations (November 1977) indicates that 60 per cent. of companies surveyed (50 per cent. in the June survey) expected business to improve in 1978 and 1979, with only 2 to 4 per cent. foreseeing a deterioration. The bank also says outlays on fixed capital investment by the surveyed companies could be expected to increase 20 per cent. in 1978 mainly in the second half, and 10 per cent. on average in 1979 and 1980.

At the same time, though, the Bank forecasts a rate of non-oil fixed capital formation "not siginificantly higher" than the estimated 6 per cent. reached in 1977. It is on the basis of this—together with projections about public spending, private consumption and exports and imports—that the Bank foresees a slightly lower growth rate of 6½ to 7 per cent. this year.

Emphasis

In making this forecast, the Bank emphasises the importance of the world outlook and of private sector confidence. It anticipates little help from exports, which it says will face weaker demand and prices. But the pattern of those exports highlights how Malaysia counts on the primary sector to bolster its external economic performance and how it manages to outweigh some of the problems of a continuing dependence on fluctuating world markets by diversifying into palm oil in the past, for example, or oil as now or cocoa in the future.

Thus, while manufactures accounted for only 19 per cent of Malaysia's 1977 export receipts of US$6.27bn, tin and oil took 25 per cent and the rest came from agricultural exports like rubber (taking 22.5 per cent), timber (16 per cent), palm oil (12 per cent) and other commodities.

Oil is now the third largest export item after rubber and timber, with receipts growing 15.5 per cent in 1977 to reach US$840m (the rise in 1976 was 104.8 per cent). The volume of crude and partly refined petroleum exported last year amounted to 7.8m tonnes, with some 83 per cent of it going to Japan and the United States. As a producer of low sulphur petroleum Malaysia also needs to import crude petroleum, and last year purchased US$360m-worth, a 34.5 per cent increase.

Favourable

Overall, the external picture is healthy. In 1977 gross exports rose 12 per cent. (46 per cent. in 1976), though volume rose just 11 per cent. (20 per cent. in 1976). Gross imports rose 14.4 per cent. (15.4 per cent. in 1976) to US$4.75bn. with volume growing 11.1 per cent. With the customary deficit on services and transfers, Malaysia's current balance showed a US$500m. surplus.

On capital account the influence of oil is marked. Net inflows of corporate investment, notably for oil production facilities, helped to produce the basic balance surplus of some US$992.5m. A deficit in private financial flows, the most important component of which was Petronas' accumulation of foreign reserves abroad (estimated to amount to over US$600m.), reduced this to some US$315m. After deduction for an IMF repayment, this produced an addition to the reserves of US$204m.

The 1978 projection is that imports will continue to rise, and do so faster than exports, contributing to a current account deficit. But with a further rise in corporate inflows as oil investment booms, the basic balance is expected to remain strong and a further accumulation of reserves is anticipated.

All this means that the ringgit has remained a strong currency. It is adjusted against a basket of currencies of Malaysia's major trading partners, but broadly speaking is kept deliberately low to help exports. Foreign reserves stood at the equivalent of US$2.8bn. at the end of 1976—more than twice as high as the country's external debt, which rose some US$200m. to US$1,375bn. in 1977 to reach about 10.7 per cent. of GNP at current prices. Servicing of external debt, including principal repayments, rose from 3.5 per cent. in 1976 to 5.1 per cent. of total gross exports in 1977 — historically high for Malaysia, but low by international, and especially Asian, standards.

The country has therefore continued to have no trouble borrowing on the international money markets, using its favourable position to get good terms, improve its credit rating, and re-negotiate previous loans. Last year it negotiated a US$400m. loan at a spread of ¾ per cent. over LIBOR with a maturity of eight years, and this year has gone to the market for a US$140m. loan and a Y15bn. loan.

This international seal of approval provides Malaysia with yet another string to its development bow, and a good reason why, in spite of the worrying sluggishness of private investment, Ministers and officials remain confident about future prospects. As any government would, they would prefer growth to be higher still. In the circumstances they have cause to remain broadly satisfied.

C.S.

Politics

CONTINUED FROM PREVIOUS PAGE

air operations—Big Star 1 and 11 in the Sadao Region in January and April and Sacred Ray 1 and 11 in the Betong region in July—had set the guerrillas back on their heels by disrupting their network—but the real importance of the action was symbolic.

Though the infiltration routes appear to be more difficult with the continuing construction of the East-West highway as a "fire-break" straddling the north, and the new obstacle of a large dam, there are regular reports of clashes with small guerrilla groups and the capture of arms and supplies. But the movement appears to lack popular support. The communist presence may be a convenient alarm bell for the Chinese community to point to when its vital interests are under attack, and may also be a worry for parents of frustrated youngsters without jobs, but as one prominent businessman says, pointing to Malaysia's standard of living, "Communism is not a real alternative for this country."

The effectiveness of the powerful security forces tends to keep things this way with regular curfews, house-to-house searches, questioning and road blocks. The police says 15 "terrorists" and nine communist agents were killed last year, and the special branch captured six "terrorists" and 996 underground agents. There is also a self-help civil defence monilisation known as Rukun Tetangga.

The guerrilla war, which is the Communists' second war of liberation (they lost the first in the 1948-60 emergency), means the only potential challenge to the UMNO-dominated Malaysian Government comes from the military itself. But in receiving lavish attention and a lot of money its traditional loyalty looks assured. For Datuk Hussein and his colleagues, the main problem they have faced has been convincing people they mean what they say. On combating Communism, their determination emerged quickly enough. On cleaning up Government and stamping out corruption, the lesson has taken longer to sink in but the Harun affair provided a strong boost.

Part of the difficulty is Datuk Hussein's different style. Tengku Abdul Rahman had a relatively open and apparently happy post-independenceship. Razak surrounded himself with advisers who together sought to distinguish a new development-oriented new order from the old. But Datuk Hussein has stayed above the fray, allowed ministers a fairly free rein in their own paddocks, and as a lawyer arrived at conclusions after careful consideration. The Prime Minister's slowness is really meticulousness, but his unwillingness to juggle several balls simultaneously has meant delays or else decisions taken by others on his behalf — a frustration for ministers and officials.

The decision on an election date remains with him, and he will probably arrive at it in consultation with his "inner cabinet" of Mahathir, Ghazali Razaleigh and Musa Hitam, an increasingly successful team. These men are continuing a course vigorously pursued by Tun Razak which finally seeks to dissolve the coincidence between race and economic status by means of a system which, "because of practical realities" (as it is put), recognises racial distinctions in the membership of its political parties. It is no small achievement that it has gone this far without dangerous friction.

Chris Sherwell

Asean dominates the foreign view

MALAYSIA IS A small country in South east Asia with a large Chinese minority, Islam as its official religion, and is a big commodity producer. These facts determine its foreign policy.

In the past year, Malaysian leaders have had cause to be satisfied with events in South East Asia. The Association of South East Asian Nations, comprising Indonesia, Malaysia, Singapore, Thailand and the Philippines, is a going concern. Reunified Vietnam has shown its readiness to talk to its non-communist neighbours.

Malaysia played host to the second Asean heads of government meeting last August. The Asean summit in Kuala Lumpur was followed by a meeting between the Asean heads and the prime ministers of Japan, Australia and New Zealand.

The Kuala Lumpur summit produced no dramatic results, but a significant course was charted: Asean is to remain an economic organisation, with no military aims. However, this does not mean that Asean is not security conscious. In fact, the organisation is a forum where members frequently discuss common defence problems, and security has been the main preoccupation of Asean leaders during the past three years.

The Asean leaders agreed that after 10 years, it was time for the organisation to take off, but their discussions showed how difficult this was. The members disagreed on the important issue of accelerating intra-Asean economic co-operation and trade, through a tariff preferential system.

Tariffs

Indonesia, fearing a loss in revenue and damage to its infant industries, resisted moves for a wider tariff preferential system. In the end, Singapore had to concede to this demand. What emerged was a preferential scheme covering only 71 items.

Asean leaders were on more common ground when they confront Japan, Australia and New Zealand for aid. Japan was the obvious target, and the Japanese Prime Minister, Mr. Fukuda promised to extend financial assistance to the five Asean industrial projects to the tune of $1bn.

But again, getting the five projects off the ground is proving to be no easy proposition, given the economic conflict of interests among some members. Only the Indonesian urea project has proved to be viable. Singapore's diesel engine project was allowed to go ahead only after it agreed not to make engines below 500 horse power for the Indonesian market. The Philippines is thinking of replacing its super-phosphates project for a newsprint venture, while Thailand and Malaysia are not sure there is a market for their soda ash and urea.

Asean has problems reconciling the interests of its members, but it had shown sufficient resilience to be accepted by most countries as a viable South-East Asian grouping. Vietnam, for its own reasons, opposes it. How to handle the emergence of a reunified, and assertive Vietnam has been the preoccupation of Asian leaders in recent years.

In this respect, Malaysia, has succeeded better than other Asean members. Since diplomatic relations were established with Hanoi in 1975, the lines of communication between the two countries have broadened. A trade and technical agreement was signed during the visit of the Vietnamese foreign minister to Kuala Lumpur early this year. This was followed by an exchange of visits by rubber experts which led to the signing of an agreement under which Malaysia would assist Vietnam in the rehabilitation of its rubber plantations.

Some observers interpret Vietnam's close relations with Malaysia as an attempt to split Asean solidarity. This is always a possibility. Asean members can only be vigilant. Vietnam is beginning to play its role in South-East Asian affairs, and its long term views, especially regarding its territorial ambitions, are still unclear.

So far, Malaysia finds it comforting that no arms from Indo-China had found their way into the hands of the local guerrillas. "The Vietnamese have shown that they want to be friends. We have to assume they are sincere," says a senior Malaysian foreign ministry official.

But even friendship has not prevented the Vietnamese from delivering a stinging blow to Malaysia's cherished idea of a zone of peace, freedom and neutrality in South East Asia. Malaysia's proposal was shot down at the non-align conference in Colombo in 1976.

Relationship

Malaysian leaders say they are still committed to the idea, though for practical reasons, they are not pushing it these days until Vietnam is in a better position, psychologically, to discuss the idea. Malaysia's relations with Thailand, which were strained under the civilian rule of Kukrit and Seni Pramoj, have improved. But Thailand remains an area of utmost concern for Malaysia (and Singapore). This is natural. Six governments had emerged in Bangkok in the past five tumultuous years. The Malaysians are happy to see General Kriangsak at the helm, and it is even more reassuring to find he had gained a large measure of support at home, while externally, he had managed to heal wounds with Vietnam and reinforce contacts with China.

General Kriangsak is no stranger to Kuala Lumpur, having made many friends during his visits as co-chairman of the joint general border committee. Even so, border problems remain unsolved.

Despite the signing of a new border agreement and the launching of two major joint operations against the 3,000 Malayan communist guerrillas last year, the Thais are beginning to show that they are not prepared to carry on what they consider to be a one-sided affair, unless the Malaysians are prepared to help them fight the Thai Moslem secessionists.

In a country where Islam is so important in politics, the Malaysian Government cannot afford to be drawn into this situation—more so when the Thai Moslems are of Malay stock and have close relatives in the northern Malaysian states.

But, says the Malaysian Prime Minister, Datuk Hussein Onn, Malaysia will do nothing that would threaten Thai territorial integrity. Datuk Hussein described Thailand and Malaysia as "Siamese twins," and went out of his way to pledge Malaysia's economic aid if Thailand is in difficulties.

During General Kriangsak's visit to Kuala Lumpur early this year, the Malaysians succeeded, in what they considered to be a breakthrough, in getting the Thais to accept the idea of "joint and balanced" development of their border.

While the Malaysian border areas are no shining examples of economic prosperity, they are comparatively better off than the Thai side. The Malaysians hope that economic development on the Thai side would defuse some of the social and economic grievances in South Thailand, which play no small part in fuelling secessionist tendencies.

Another spot of concern for Malaysia is the continuing fighting in the Southern Philippines between government forces and Moslem secessionists. More than 100,000 Filipino Moslems have fled across the Sulu Islands to the East Malaysian state of Sabah since fighting flared up seven years ago. The presence of these refugees (who comprise about 15 per cent. of the State's population) is a sensitive issue in Sabah. Some Sabahans want them to be repatriated, while others want them to remain and become Malaysian citizens. If the Filipino Moslems are given citizenship, they would tilt the political balance in Sabah in favour of the State's Moslem communities.

Malaysia has asked the Manila Government to resume talks with the Moro National Liberation Front to get a peaceful settlement of the conflict, least it attracts active intervention from outside powers. Malaysia feels that the Filipino Moslems should be given a large measure of autonomy, although not complete independence.

Being a Moslem country, Malaysia is placed at an advantageous position to attract Arab investments and business, but this is not so, because Malaysians are not aggressive enough to venture into the Middle East.

Trade is being hindered by the lack of shipping contracts, and unlike the South Koreans and Taiwanese, who have carved out a hefty slice of the Middle East business, Malaysian businessmen (who are mainly Chinese) still find the Middle East a rather mysterious land mass. They are quite happy with doing business with their traditional markets in the West, Japan and Australia.

In March, a conference was held in Kuala Lumpur to explore the idea of promoting a "triangle of growth" combing the financial resources of the oil rich Arab states, with the technological and managerial expertise of the Western nations and exploit the vast natural resources in Malaysia and other Southeast asian countries. The conference was useful in so far that it made the Malaysian businessmen aware that they have to do the hard work getting out and woo the Arabs.

The conference was followed by the first meeting of governors of Islamic Central banks, which set up committees to explore areas of co-operation. After that, Malaysia played host to the annual meeting of the Islamic Development Bank.

Being a big producer of primary commodities, Malaysia has been taking a much more active role in international commodity issues in recent years. The Malaysian international commodity policy is aimed at countering any adverse price instability which might trigger off domestic tensions, like the fall in the rubber price sparked off serious demonstrations by farmers and students in 1974.

Malaysia takes a moderate stand in pursuing this objective and feels this is best served through international commodity price stabilisation agreements. It welcomes consumer participation in such agreements, and does not favour producer cartels. As such, Malaysia sees the UNCTAD Integrated Programme for Commodities as of utmost importance.

Another approach to ensure commodity price stability is the stabex (stabilisation of export earnings) scheme. The first approach was made to Japan during the Asean meeting with Mr. Fukuda last August. The Japanese indicated that they would prefer the stabex scheme to be global, and that other developed countries should be included. They, nevertheless agreed to examine the proposal in detail with the Asean members.

Japan has emerged as Malaysia's biggest trading partner, while Britain has slipped badly, reflecting the erosion of British diplomatic and economic influence. In terms of buying from Malaysia, both Japan and Britain showed only marginal changes. In 1966, the Japanese market accounted for slightly over 18 per cent. of total Malaysian exports, while Britain took seven per cent. Last year, the Japanese market accounted for 20.6 per cent., while Britain took five per cent. However in terms of selling to Malaysia, Britain had fallen far behind, while the Japanese had surged ahead. British goods used to make up 19 per cent. of the Malaysian import bill in 1966, but by last year, they had fallen to less than eight per cent. Japanese goods had risen from 12 per cent. to 23 per cent. during the period.

Wong Sulong

The need to improve the infrastructure

ANYONE WHO has travelled across Asia will testify to the fine network of roads, airports and telecommunication facilities in Malaysia. In Peninsula Malaysia, there are few populated areas which cannot be reached by road, and in East Malaysia, journeys which used to take days by river, are now reduced to a matter of hours with the expansion of roads and rural air services.

But the traffic jams in Kuala Lumpur; the congestion at Port Klang; the massive backlog of telephone and telex applications and the frequent power cuts present another view of the situation. Malaysia's infrastructural development has been impressive, but demand has outstripped supply, leading to severe strains being felt in certain sectors.

Under the Third Malaysia Plan, a bold attempt is being made to ease these bottlenecks, and to provide infrastructure to areas that are currently poorly served.

The total allocation under the Plan for roads, railways, ports, airports, telecommunications, postal services, electricity and water supplies amounts to over $M6.3m., compared with $M3.3bn. under the Second Plan.

Increase

Even taking into account inflation, this is a hefty increase. But finding money to finance infrastructure does not present a problem to the Malaysian Government. It is estimated that 40 per cent. of the cost of these projects will be financed by external loans from the World Bank, Asian, and Islamic Development Banks, and bilateral aid and credit.

"The loans we float in the domestic market for development projects are always over-subscribed, and our credit standing overseas is excellent," says a Treasury official. "Our main constraint really is the lack of skilled manpower. This is what is preventing us from pushing ahead faster."

The Government estimates that it is 20 per cent. short of professional people, like engineers, architects, surveyors, and technicians, and in the Minister of Works and Utilities alone, there is an urgent need to fill 500 posts for engineers, architects and surveyors.

In Peninsula Malaysia, roadway has doubled to some 12,000 miles since independence but the number of vehicles has increased by 15 times, putting great strain on existing roads, especially on the west coast and in the cities.

A sum of $M1.77bn. will be spent on road construction and improvement, including $M500m. for Sabah and Sarawak. Among the major projects currently undertaken is the East-West highway linking the northern Malaysian states: the Kuantan-Segamat road, which will open up the jungle areas of central Pahang state, and the Kuala Lumpur-Karak highway, which will shorten the distance and improve safety for traffic to the East coast.

Two other major roads being planned are the conversion of the West coast trunk road into a dual carriage highway, and the building of the link between Kuala Lipis in Pahang and Kuala Krai in Kelantan, passing through Gua Musang.

The Kuala Lipis-Kuala Krai road is of strategic importance. Like the East-West highway, which is three years behind schedule because of communist harrassment, it will add mobility to the security forces, who are currently hampered by the absence of a road.

Because of the shortage of manpower, the Government recently announced it would invite the private sector to undertake road building. For a start, six highways, costing M$1bn., will be offered for construction to private firms, who will able to recover their costs and profits through tolls.

A sum of M$200m. has been allocated for the improvement of the railways. In the past year, the Malayan railways has managed to turn in a small profit, compared to the severe losses it suffered in previous years. This is largely due to the efforts of its energetic general Manager, Datuk Ishak Tadin.

Before he took over four years ago, the Railways was a public scandal. It had no policy; morale was low, absenteeism was high and its stock was heavily underutilised. Even today, there is opposition to efforts to clean up the mess, some coming from the railway staff, who find their lucrative sidelines being cut by Datuk Ishak's reorganisation. There is evidence that some of the recent derailments were due to sabotage.

As part of its modernisation programme, the railways will spend M$54m. on new coaches, M$21m. on diesel locomotives, and signalling systems, and M$25m. on track renewal.

As an indication of its confidence in the future of the railways, the Government is studying the possibility of extending the network from Kuala Lumpur to Kuantan and the East Coast as well as laying a new line between Ipoh and Port Lumut.

While significant improvement is being noted in the railways, the situation at Port Klang, Malaysia's premier port, is deplorable. It was hit by a container crisis last year when thousands of containers clogged it up and ships had to leave without loading.

Long delays, pilfering and gangsterism are common, and despite efforts to check these activities, shippers say the situation has not improved much. Shippers say that a complete overhaul of the Port's administration and workforce is needed, but the problem is complicated by the fact that the Minister of Communications (responsible for ports) is the Member of Parliament for the area, and he is averse to any action which might anger the port workers, who are his voters.

A sum of M$630m. is being spent on the expansion of Malaysian ports and the building of new ones. It is estimated that handling capacity of West Malaysian ports will double from 6.8m. tons in 1975 to 11.4m. tons in 1980.

Outlet

The new port at Pasir Gudang in Johore was commissioned last year and will be an important outlet for the increasing volume of palm oil and rubber from Johore and Pahang. The M$200m. port at Kuantan is expected to be operational by the end of this year.

During the second Malaysia Plan, airports in West Malaysia recorded an annual 21 per cent. increase in passenger traffic and an annual 37 per cent. increase in freight, while smaller, but significant increases were recorded by East Malaysian airports.

Improvements are being made to the Kuala Lumpur and Penang airports to allow them to handle a peak hour traffic of 2,600 and 1,000 passengers respectively. The Penang runway has been lengthened to accept jumbos. A new airport at Senai in Johore was opened two years ago, although traffic is slow in picking up.

In east Malaysia, where politicians, administrators, businessmen, and ordinary citizens rely heavily on air transport to get around, M$47m. is being spent on new rural airfields. Kota Kinabalu airport has been converted into an international airport while the Kuching airport runway is being extended and a new terminal built.

More than M$1bn. is being spent under the Third Plan on improving telecommunications, including M$400m. for switching, M$325m. for subscribers network and M$240m. for trunk and junction network. To cut the backlog, an additional 400,000 telephone lines are being installed. Overseas communications will be expanded by a second earth satellite station at Kuantan, and the participation in the Asean telecommunication network. Recently, the Government announced an additional M$1.3bn. on telecommunication facilities under the Plan.

Demand for electricity is expected to grow by 12 per cent. between 1976 and 1980. The Government has allocated M$1.6bn. for power development. The total generating capacity in West Malaysia is expected to double from 900 megawatts to 2,000 megawatts by 1980.

Owing to the rise in fuel costs, the authorities are now giving emphasis to hydro-electric power, rather than thermal. Great potential for hydro power exists in Pahang and Trengganu. The long and rapid flowing rivers in Sarawak are virtually untapped, and a study is being conducted to tap the hydro power resources of Sarawak's rivers and supply electricity to West Malaysia.

Major power projects currently being undertaken include the extension of the Prai thermal station with three 120 MW units, the installation of two 120 MW units at Pasir Gudang thermal station, and the development of the 400 MW hydro project in Trengganu.

The 350 MW Temenggor hydro project was completed last year, but its commissioning is being delayed owing to the lack of water at the dam. There was also a plan to build a power station in Pahang with Russian aid, but owing to security reasons, the project has been dropped.

Wong Sulong

The outlook for tin production

MALAYSIAN TIN production is still falling. Last year's 7.4 per cent. drop in production of tin-in-concentrates took output to the lowest level in 16 years at 58,700 tonnes. With a further drop expected this year, perhaps below 57,000 tonnes (output in February hit an all-time low), the Third Malaysia Plan's 1976 projection of a bottoming-out at some 65,000 tonnes in the autumn from the 76,800-tonne level of 1972 now looks decidedly optimistic.

Malaysia nevertheless remains the world's largest tin producer, accounting for some 35 per cent. of global production in 1976. And buoyant international prices last year certainly cushioned the impact of the fall in output. The price burst through the ceiling of the International Tin Council's newest range in the first week of January, drained the buffer stock of metal a week later, soared past a new M$200 to M$1,500 a picul (133.3 lbs) range established in July, and touched a record M$1,895 in October. The price has since eased and was hovering above the M$1,500 mark in April.

Thus, in spite of the lower 1977 output and a fall in the import of tin concentrates for smelting and re-export—together making for an 18.4 per cent. export decline to 66,516 tonnes—Malaysian tin export receipts actually climbed 11.8 per cent. to a record level of R1.7bn. in 1977. This surpassed the 1976 record of M$1.5m. and made tin the country's fourth largest export earner in 1977, contributing 11.3 per cent. of foreign exchange earnings.

Influence

"Strong demand and tight supply" was the dominant influence on prices in 1977, according to Bank Negara (Central Bank), and the world shortfall of 20,000 tonnes (since revised to 15,000 tonnes) was undoubtedly an underlying factor. Equally the easier price in the first few months of this year has reflected a narrowing of the world tin gap thanks to better supplies (with higher output from Thailand and Indonesia) and dampened demand (with continuing slack in the steel industry). The 1978 shortfall is being put at well below 10,000 tonnes, an improvement on last year's 18,500-tonne projection.

Uncertainty over U.S. policy on disposal of its large tin in stockpile has also influenced the price. The U.S. is a tin consumer, taking 35 per cent. of Malaysian exports last year, but it is also a potential "producer" with tin stocks put at some 170,000 tonnes above its 35,000-40,000 tonne strategic stockpile requirement. Developments over the passage through Congress of various bills authorising disposal of up to 45,000 tonnes have had an unsettling effect because this could upset the market as well as cover the shortfall.

Malaysia took the risk of alienating fellow producers by urging the Americans to release their tin in a systematic and orderly way. But neither this aim, nor the producers' united demand for a M$200 rise in the floor of the ITC range, was achieved at ITC meetings in London in January and April this year. Some formula seems likely once the U.S. legislative position is clarified, however,

CONTINUED ON NEXT PAGE

Oil and gas in the pipeline

THE CONCLUSION of an agreement two months ago between Malaysia's National oil company. Petronas, Shell and Mitsubishi, to build a $US1bn. liquid natural gas plant in Sarawak marks another landmark in the development of Malaysia's oil and natural gas resources.

If there are no further delays (the project has been delayed by four years because of protracted negotiations), Malaysia will begin to export LNG to Japan by January 1983—at the rate of 6m. tonnes a year for 20 years.

Yet, it was not long ago that many people were questioning the future of Malaysian's oil industry. Negotiations on production sharing during 1975-76 were tough and tense. At one stage. Esso stopped exploration and threatened to pull out completely, and the Prime Minister had to step in.

The sweeping amendments to the Petroleum Development Act providing for management shares to Petronas, were quietly scrapped, and production sharing agreements were concluded by the end of 1976.

Since then, the oil companies are bringing back their men. The oil bonanza is now on in Malaysia. With investments in most industries still sluggish, the oil industry is being looked upon as a new growth leader. Bank Negara, the Central Bank, has singled out the oil industry as the fastest growing industry in terms of investment and output for last year.

The value of new investments by the industry last year amounted to nearly M$400m., or nearly 10 per cent. of total private investment. This trend is almost certain to continue this year, as the industry has already made large commitments in the years ahead.

According to Petronas, the foreign oil companies collectively will be spending something like $M1.44bn. this year on exploration, development, production and other expenses. This does not include the capital expenditure on the LNG project in Sarawak, where work is now going full steam ahead. Preparation on the site, at Bintulu, has started. Shell has sent its top officials on a recruitment exercise in Europe.

In the meantime, oil will continue to dominate Malaysia's petroleum industry. With the commissioning of two production platforms off the East Coast of Peninsular Malaysia by Esso early in the year, the country now produces well over 200.000 barrels of crude a day. The commissioning of the West Malaysian field and increased production from fields off the shore of Sabah has helped to offset the decline in production from Sarawak.

Esso plans to establish two more production platforms in the West Malaysian field, which is siuated some 150 miles from shore, to better utilise the potential of the field. Petronas, while stressing heavily the need to conserve the nation's oil and gas resources, has so far been very receptive to the request of the oil companies for higher production. The major argument behind the conservation policy is that Malaysia is a net exporter of oil by a comfortable margin. The three refineries in Malaysia last year refined 5.3m. tones of crude, of which 3.8m. tonnes were imported. The country on the other hand exported 7.8m. tonnes during the year.

Conservation

It has been estimated that without conservation Malaysia's 1bn. barrel reserves will not last more than 12 years. Given the diversity of her sources of revenue, Malaysia can easily afford lower petroleum revenue. Lesons derived from the exploitation of other depleting resources, tin in particular, have prompted the Malaysian Government to be more cautious in developing oil and gas resources.

It is the Government's philosophy to maximise participation by local interest in the new industry. This, however, is possible only if the industry's rate of expansion is slowed down so that local entrepreneurs can catch up in terms of technology and capital.

When the Petroleum Development Act was introduced in 1974 making it necessary for downstream oil companies to concede part of their equity to the national oil company, many thought this would happen almost immediately. But they were proved wrong. Until to-day, no "serious" discussions have yet taken place on the matter although the chief executive of Shell in Malaysia, Mr. Jan de Ruiter, said this would perhaps be the next area of settlement between Petronas and the oil companies.

Petronas officials have always confessed that they are not about to do things outside their capacity to do well. And this means that they have to move pretty slowly given their limited expertise. To rectify its lack of expertise and knowledge of the industry, Petronas has contracted a host of foreign institutions among them C. Itoh and the Industrial Bank of Japan, and Morgan Guaranty of the U.S. as its technical and financial advisers.

Without thinking of direct participation in the existing oil refining and marketing operations, Petronas already has more than enough to concern itself with in the next few years. The implementation of the LNG project, the first direct participation by the State oil corporation in production, will constitute a challenge in terms of finance and management.

Given the estimated development cost of $1bn. and the national oil company's obligation to fulfil 65 per cent. of this, it would place a major strain on its existing financial resources. While it is in the position to make use of its own resources to pay for its participation in the joint venture company to run the LNG project, it will be compelled to look at external sources to finance the capital cost of the project.

The search for finance will have to begin soon as initial tenders have already been called for the LNG plant.

Investment

The importance being attached to oil to-day is more for its investment and leadership of the country's industrial development rather than the immediate need for foreign exchange. Nevertheless income from oil has been on the increase since the 1973/74 oil crisis. Exports of crude and partly refined petroleum last year rose by 15.5 per cent. over 1976 to M$2bn. as a result of an increase in export volume and prices.

Minerals have always been an important component in Malaysia's exports. But the decline in the production of tin since the beginning of the decade has threatened to reduce the importance of the sector until crude oil comes into the picture in a big way. Since 1976, petroleum has emerged as the third most important foreign exchange earner after rubber and timber.

Malaysia's oil and gas operation to-day is excusively offshore although the first field ever to be developed was onshore in Miri, Sarawek. Attention shifted to offshore areas in the early 1960s. Until the commencement of production-sharing contracts in late 1976, these areas were explored and developed based on the concession concept where the Government's takes were limited to royalty and income tax.

Eight international companies—two from the Royal Dutch/Shell Group, Mobil, Conoco, Esso, Oceanic, Aquitaine and Sabah Telseki—were given exploration licences covering 160,000 square miles of offshore area. Shell, Esso and Conoco struck oil of commercial quantity. At the end of 1976, Shell and Esso entered into production-sharing agreements with Petronas.

Conoco, which struck oil and gas in two locations off the East Coast of Peninsular Malaysia, also joined the production-sharing negotiations but nothing has so far materialised. Petronas has made a firm proposal for a joint venture to develop the field, but according to an official of the company, Conoco is yet to reply to the proposal.

With conservation forming part of its major policy, Petronas has been rather conservative in estimating the country's oil and gas reserves. Oil reserves have been placed at about 1bn. barrels and gas at 17 trillion cubic feet. Of the oil reserves, Esso accounts for about half, Shell around 400m. barrels and Conoco 50m. barrels.

Eleven trillion cubic feet of recoverable gas so far determined are non-associated. Shell accounts for nine trillion cubic feet and the remainder belongs to Conoco. Shell's reserves will be developed under production-sharing contract with Petronas to supply the Bintulu LNG plant.

The next few years should see Malaysia entering a more exciting era of oil exploration and development. Petronas will open up new areas for exploration in the near future. Downstream, Petronas is expected to increase its activities to supplement its existing aviation fuel dispensing and bunkerng. There is also the likelihood that it will go abroad through the proposed tripartite venture to set up a refinery on the Indonesian Island of Batam, south of Singaport. Talks have started between Malaysia, Indonesia and Kuwait for the project.

A. Kadir Jasin

Tin

CONTINUED FROM PREVIOUS PAGE

and the price range is widely expected to be revised upwards at the next meeting in July.

Producers want the rise because, even though the market price has stayed beyond the ITC range, the floor provides a benchmark for future investment. Costs have risen so markedly that the floor price is providing insufficient security. Bank Negara says the average cost of production of tin metal in Malaysia in 1977 rose 26.4 per cent. (to M$1.274 a picul) for gravel pump mines and 42.5 per cent. (to M$1.002 a picul) for dredges. (The figures include export duties and surcharge paid by companies under a tin price-based formula.) Producing countries are saying the price must top M$1,600 for any new mine to show an acceptable return.

Higher prices alone would not stem the decline in production, however. Paul Leong, Deputy Minister for Primary Industries, recognises the need for improved processes for land leasing, fiscal incentives, better surveys and higher technology to halt the decline in the number of mines (from over 1,000 to about 840 since 1970, with nearly all the 780 gravel pump mines re-working old ground) and the fall in employment (23 per cent. in the past decade). The companies want action on land and taxation in particular. In spite of government efforts in both areas, they are still unhappy about the deal they are getting.

Revitalisation

With the depletion of existing ore deposits, revitalisation of the industry ultimately hinges on the land issue. The government began to move last year to counter some of the difficulties and delays in obtaining approval of new land for mining, renewed mining leases and prospecting licences. Last August the National Land Council approved the establishment of a National Mining Code to standardise procedures on prospecting, land alienation and the issue and renewal of leases.

But the problem goes further than time-consuming bureaucratic hold-ups. Land is a state matter, so the federal government is virtually powerless in this area. The New Economic Policy demands that 70 per cent of new developments be Malaysian-owned, and some states will open up new land only when Bumiputras (indigenous Malays) can venture into the industry. This can often only be effected through state companies (like Kumpulan Perangsang Selangor in the state of Selangor)—though "Ali Baba" cases are known, in which the policy is frustrated through Malaysian Chinese putting up the cash for Malays.

Some states have also been unwilling to open up new land because they believe, with some justification, that they have not benefited from the exploitation of a valuable non-renewable resource to the degree they have deserved. This feeling may have been assuaged to some extent through the larger cut of the tin cake proffered in the 1978 budget. But Selangor, for one, is still obviously dissatisfied, and its latest intentions have set industry and federal government hearts fluttering.

The Chief Minister said in January that renewal of expired mining leases would, like new applications, be "subject to Kumpulan Perangsang Selangor being involved either as a partner or through the issue of subleases." In March he repeated that the state government would in future take over mining leases once they expired, and all future projects would be given to joint ventures involving 70 per cent. participation by the state government, that is, Perangsang. No more leases would be issued to the private sector for tin mining in Selangor.

In the words of one industry source, the companies are saying "to hell with this," though it is stressed the issue will not blow up properly until the federal government view is made known. If it does come to a head, the industry will probably seek compensation, even though legally the concept of an expiry date implies the possible loss of a lease. The industry says companies simply will not invest in the period before expiry.

Meanwhile, Paul Leong has written to the Perak chief minister to propose a joint mining committee consisting of government officials and industry representatives so that some of these kinds of difficulty can be resolved. By the middle of April he had received no reply. The long fuse of this potentially explosive issue therefore continues to burn.

The tax issue may also be a continuing bone of contention. Some 70 per cent. of net revenue of the more profitable tin mines can go to the Government, and as a concession in the 1978 budget last October the Government changed the tin profits tax from a flat 10 per cent. rate to scaled rates. The industry is now suggesting this will only help companies with profits of less than M$600,000, adding that the way things work in practice, with small companies deliberately not posting profits, the tax looks misconceived.

The Government also incorporated its two most important revenue earners, the export duty and the export surcharge, which the high tin prices have been making still more important. The change envisaged a reduction in the overall duty which companies paid as long as prices were below M$1,800, but the industry feels that the move mainly benefits the State governments, which had previously received a 10 per cent. share of the export duty only and nothing of the surcharge.

Decline

Whatever the arithmetic demonstrates, the companies are now talking of continued ill-will in the industry. But they still think tin has an assured future in Malaysia, even if its star is in relative decline. A Bumiputra company is producing 2,000 piculs a month with a single dredge on a new mine in Kuala Langat. A joint venture between Perangsang and Rio Tinto in the same area is expected to produce 2,500-3,000 piculs with its new M$ 'm. dredge, the biggest in the world.

Preparations are also slowly going ahead to exploit what is potentially the world's largest tin mine, the Kuala Langat deep-level deposit estimated at 300,000 tons, after tortuous negotiations between Charter Consolidated and government-backed Pernas. Land is still a big problem, and this enterprise, as much as any other, has demonstrated an emerging truth about the Malaysian tin industry—that the problems it faces are political as well as technical. But it is apparently worth it. As Paul Leong points out, the list of tin's uses keeps growing, vast markets still remain untapped, and overall consumption can only increase.

C.S.

Easy money rates fail to quicken demand

MALAYSIAN BANKS are becoming increasingly concerned about their high liquidity. Despite an easy money policy adopted by Bank Negara, the Central Bank, during the past two years, which included a one per cent. cut in interest rates last June, bank liquidity has been rising.

To compound the concern, there are few signs that a strong demand for credit is round the corner. Bank Negara shares this concern, but feels its present monetary policy is liberal enough. It has also to worry about the effects of an easy money policy on inflation, which is showing signs of edging up.

For reasons discussed in other articles of this survey, Malaysian businessmen are uneasy about local and international conditions, and this hesitancy in investing is likely to prevail for a while yet. Faced with a weak demand for credit, and an influx of funds from good export prices, Malaysian banks found that their liquidity is now at a 15-year high.

Although they are required to maintain a statutory minimum liquidity ratio of 25 per cent., this ratio has risen from 36.2 per cent. at the end of 1975 to 39.6 per cent. in 1976 to 41.8 per cent. last year.

Commercial banking activity last year was less buoyant than in 1976, reflecting the slowdown in the economy. Deposits rose by 16 per cent. to M$1.733bn., compared to 30 per cent. the previous year. Loans and advances increased by 18.6 per cent. to M$1.5bn. compared to a rise of 24.6 per cent. in 1976.

Malaysian banks underwent a fairly critical period during 1973-75, when many began to compromise sound banking practices in their search for growth and profits, and some began to find themselves in a tight spot over their loans when the international recession began to hit the local economy.

The local banks allowed their equity base to be eroded, so that by 1975, the equity ratio to total assets was down to 6 per cent., compared to 10 per cent. in 1965. The Central Bank stepped in and due to strong pressure, the domestic banks took corrective action, including injecting new capital and adopted a more discriminative approach to lending. The ratio has been stabilised at around 6 per cent., and Bank Negara feels that the worst is now over; and the banks had emerged in a stronger position than before.

The great weakness of Malaysian banks is still the lack of professionalism among its directors and management. This may be because many local banks are small, but many directors tend to regard the banks as their personal property; forgetting their responsibilities as trustees of public money. A common malpractice is for bank directors to give themselves or companies in which they or their relatives have an interest, large loans, without the usual evaluation and security.

Relies

Bank scandals do not often come before the public eye as Bank Negara does not want to upset public confidence in the banking system and relies on "moral suasion" and arm-twisting measures in private, to make banks fall in line.

And over the years, the Central Bank had been effective in weeding out corrupt directors and maintain a healthy banking industry. Recently, Parliament gave more powers to the Central Bank in overseeing the dispensation of loans, and several directors of a large local bank were stripped of their powers to approve loans.

The exposure of the Bank Rakyat fiasco last year is a reminder of how dangerous it can be when politicians manipulate a bank for their own ends and abandon sound banking practices. Under the chairmanship of Datuk Harun Idris (the former Selangor chief minister, now serving a six-year prison term for corruption and forgery) the bank incurred massive losses. The Government had to make an immediate loan of M$47m. to prevent it from going under, and it had to take over its management.

Foreign bankers often characterise Bank Negara's policies as conservative, but the Governor, Tan Sri Ismail Ali, denies this. He points out that local banks are even more conservative and that many new and profitable areas of business, such as foreign exchange operations, were introduced only after Bank Negara's insistence. Tan Sri Ismail sees Bank Negara as the guardian of a strong Malaysian economy and ringgit. High reserves is part of this policy. The external reserves currently are capable of sustaining seven months of imports, but there was a time when they could sustain nine months, and Tan Sri Ismail would like to see such a record again.

Malaysian authorities are not interested in competing with Singapore and Hong Kong for providing a fine network of banking services for the region. Malaysian banks have to grow in tandem with the economy and now monetary instruments are introduced when there is a need for such innovations.

Banks are required to reflect the new economic policy in their recruitment and lending. A central bank directive requires them to channel at least 20 per cent. of their net increases in loans to the Malays; another 25 per cent. for manufacturing; ten per cent. for agricultural food production and ten per cent. for residential housing.

These targets are difficult to meet, particularly for foreign banks with few branches, and which have little dealings with some of these "priority" sectors. Bankers want more time and flexibility in meeting these targets but Bank Negara wants them to meet them by the end of the year, or face some form of penalty.

"Agriculture forms 30 per cent. of our GNP, yet this sector receives only eight per cent. of total loans. This is very unsettling," says Tan Sri Ismail.

He concedes some banks face difficulties in meeting these targets. As a result, he has directed them to deposit M$27m. with the Agriculture Bank to be given out as loans to farmers.

Another institution created for this purpose is the Credit Guarantee Corporation, formed in 1975. In return for a fee of a half per cent. per annum, it provides banks with guarantee cover for 60 per cent. of the non-recoverable loans. By last year, loans issued under this scheme amounted to M$485m., of which 42 per cent. went to the Malays.

Framework

There are only 12 merchant banks in Malaysia, most of them formed only a couple of years ago. Because of their small numbers, they have been operating under a set of guidelines issued by Bank Negara. The Central Bank feels they should now come under a proper legal framework, and negotiations on this are underway. This will provide a legal basis in case of disputes, but merchant banks are expected to operate as before.

They will continue to be barred from dealing in foreign exchange (to give commercial banks a head start), and their domestic borrowings must not exceed 15 times their shareholders' funds.

In its 1977 annual report, Bank Negara sounded a word of concern and dissatisfaction over the performance of merchant banks. Over the years, they had tended to borrow short and lent long. The deposits with maturity of six months and less had risen from 56 per cent. in 1972 to 85 per cent. last year, while their loans of one year and above had increased from 9 per cent. to 54 per cent. during the same period.

Due to excess liquidity, merchant banks had been able to take advantage of this cheap source of funds, but they could face problems once this liquidity is absorbed.

While merchant banks have been concentrating on the more elementary but lucrative money market and other fund-based operations, the Central Bank feels it is time for them to get more involved in functions expected of them, such as loan syndication, corporate finance and management and financial investment services.

The Malaysian stock exchange, which has been listless since the collapse of the boom in 1973, received a fresh bout of attention during the first four months of this year. The New Straits Times industrial index moved past the 300 point mark not reached since January 1976, and hit a high of 337 on April 20. A total of M$262m. in stocks were traded during the four months, compared to M$92m. during the same period last year.

The more stable domestic political situation, resulting in the Government's victory in the Kelantan state elections in March and the jailing of Datuk Harun, encouraged buying interest. The market also received a psychological boost by the relisting of two active counters—Faber Merlin and Pahang Consolidated—after an 18-month suspension.

Unlike last year, when interest was focused on tin and rubber stocks (reflecting high commodity prices) as well as the lower priced, speculative counters, the interest so far this year has been on mid-level industrial shares, although plantations still enjoy good attention. It is still too early to judge whether this strong support will be sustained to lift the market out of its doldrums.

W.S.

The beginning and the end of the rubber production process. Above, plantation workers loading latex into transport tankers and below, packing cured latex.

Manufacturing growth slowing down

THE MALAYSIAN manufacturing sector, after a decade of impressive growth, is running into difficult times. Although manufacturing still leads as the country's fastest growth area, its expansion rate has slowed down. Exports of manufactured goods are also facing weak overseas demand, and with growing protectionism, Malaysian manufacturers will find this year a difficult one. Foreign and local investments are not coming in at the rate the Government had expected, and this could spell trouble for the economy.

Output in the manufacturing sector for Peninsular Malaysia (the East Malaysian states have few industries to talk of) rose by 12 per cent. in 1977, compared to 19 per cent. in 1976. Manufacturing now accounts for 16 per cent. of gross domestic product.

The Central Bank reported that although output and sales generally increased, there appeared to be no significant change in the level of capacity utilisation. A survey at the end of 1977 showed 52 per cent. of the companies surveyed were operating at 51 to 80 per cent. capacity, while another 43 per cent. were operating at 81 to 100 per cent. This compared to 50 and 45 per cent. respectively in 1976.

The rate of expansion for exports of manufactured goods was also down. Net exports rose by 9 per cent. to M$2.5bn. compared to 27 per cent. growth in 1976.

Textiles

Malaysian textiles and footwear were particularly affected by stiff international competition. Textile output fell by 3 per cent. last year, compared to a 41 per cent. rise in 1976. Exports rose by only 7 per cent. to M$323m. compared to a 45 per cent. rise in 1976.

The textile industry is facing a difficult period. Most Malaysian mills are small and fragmented, and are in no position to compete with the vastly more efficient mills in South Korea and Taiwan. It is therefore not surprising that Malaysian mills are happy with the bilateral agreement with the EEC, which allows for a reasonable rate of expansion of Malaysian textile exports to the EEC.

The most worrying aspect of the economy is the lack of private investments, especially in the manufacturing sector. Under the Third Malaysia Plan, this sector is expected to create 34,000 new jobs a year — or 23 per cent. of the total jobs under the plan. But present indications show that the manufacturing sector will not be able to meg this target unless there is a sharp upturn in investments during the next 30 months, which is unlikely.

The disappointing situation is reflected in the number of applications to set up projects. In 1976, the Government approved 425 manufacturing projects, involving a total proposed investment of M$1.2bn. and with a job potential of 32,300. But last year, only 400 projects were approved, involved a proposed investment of M$880m. and a job potential of 29,600. Not only are the numbers of approvals down, but the investment and job potential of such projects are also smaller. The situation is quite alarming if one were to compare it with the early 1970s when applications to set up factories were much higher than in 1976.

To boost investment, the Government cut the prime rate by one per cent. to 7.5 per cent. last June, and this was followed by the Budget announcement extending the accelerated depreciation allowance of 80 per cent. for capital expenditure on plant and machinery to all industries.

This incentive is only for two years, ending in 1979, and the Government hopes that industrialists will take advantage of it to replace outmoded machinery and expand productive capacity. However, officials admit that these monetary and fiscal measures can only help to a certain extent, but the real barrier to private investment is psychological.

The reasons why investors are not putting their money in the country is becoming quite a sensitive issue, with some racial undertones thrown in. The Government's explanation is quite simple: investors are not coming because of the general sluggishness of the international economy. As such, investments are expected to pick up once the world economy is in better shape.

However, it admits that to some extent, government legislation during 1974-75 had created some misgivings among investors. These laws, it contends, are not bad, or anti-investment, but the timing was wrong, coming as it were just after the fall of Indo-China to the communists.

But if one were to talk to investors, particularly local Chinese businessmen, they would tend to put the blame on Government legislation, and policies, adding that international uncertainties are only a contributory factor.

Licence

Chinese businessmen, who form the bulk of the local investors, are scared of the Industrial Co-ordination Act. It requires manufacturing concerns to apply for a licence (for expansion, modification of plant and change of product lines) and Chinese businessmen are worried that this Act might be used to control their activities and force them to take in Malay partners.

Following the furore, some concessions were made in the Act. Rubber, and oil palm mills, and businesses with less than ½m. ringgits in shareholders funds, or factories employing less than 25 workers, were exempted. This leaves the majority of the Chinese proprietorships and small companies out of the preview of the ICA. Further amendments were made early this year to appoint a civil servant as the licensing officer, and the Minister as the appeals chairman (previously, the Minister was both the licensing officer and appeals chief).

The Government has gone out of its way to erase any fears arising from the ICA, and the new economic policy, but unfortunately, doubts still remain, as reflected in the speeches at the first Chinese economic conference in Kuala Lumpur last month.

One frustrated British salesman told me last year how he was about to clinch a deal for the sale of two M$500,000 colour printing machines to two Chinese firms, when they cancelled the orders to avoid coming under the ICA.

In a major policy speech to 750 Chinese businessmen in Penang in March, the deputy Prime Minister, Dr. Mahathir, again tried to allay any fears. The concessions made in the ICA, he said, were proof that the authorities had always been pragmatic and reasonable in dealing with the private sector.

"The Government has answered by word and deed that new industrial investments are a matter of priority, and investors can be assured that we are certainly not going to kill the goose that lays the golden eggs. The best way to test the Government's intentions and assurances is to come forward and apply (for an ICA licence) and see if we are keeping our word."

Dr. Mahathir went on to elaborate that although the Government requires manufacturing firms to reserve 30 per cent. of their equity for Malays, this need not be done immediately. If a firm cannot find a suitable Malay partner, this requirement could be deferred for a couple of years, and such shares may be issued at market price later.

Another frequent and legitimate complaint among investors is the red tape involved in getting a project through. There is also a lot of talk of money being passed under the counter to speed up approvals.

To cut red tape, Dr. Mahathir (who is in charge of promoting investments) is proposing to set up a "one-stop" centre at the Federal Industrial Development Authority where applications would be processed. Investors, hopefully, would not have to run around fom department to department, filling innumerable forms for work permits, land, water, electricity and customs exemptions.

The deputy Prime Minister has also passed word down to officials that while the objectives of the new economic policy remains unaltered, the priority is to encourage investments and growth. With growth, the objectives of the NEP can be achieved with less controversy and rancour.

The Government's high-power investment promotion activities of the past two years is being maintained. Dr. Mahathir himself is now in Europe, leading an investment mission. Other ministerial missions will go to the United States and Canada in September, another to Eastern Europe in October and another to Japan in November.

W.S.

Prospects of a cartel to protect rubber

OF LATE, it is quite common to hear talk, even among high Malaysian circles, about the declining role of rubber.

In a few years, oil and natural gas will be Malaysia's biggest export earner. Rubber will be second, after 70 years at the top, and it may even suffer the indignity of being elbowed further down to third place by palm oil. This is a welcome development because it shows how much Malaysia has diversified away from rubber.

However, rubber is still Malaysia's most important commodity, and its biggest employer.

Oil is new to Malaysia. It means big money, but its duration will be comparatively short and its social impact limited. The rubber tree, on the other hand, pervades all levels of Malaysian society.

Most important, the 750,000 rubber smallholders and tappers on the plantations are voters. They and their dependants control 1.5m. votes. These are rural votes, and under Malaysia's constituency demarcations, one rural vote often carries the same weight as two urban votes. No political party can afford to antagonise the rubber tappers.

Most Malaysian estates are *now so well advanced in their switch from rubber to higher* earning palm oil that increasingly, rubber is becoming a *smallholder's crop.* Last year, Malaysia's rubber production was 1.6m. tonnes—2 per cent. lower than in 1976 because of a drought. Export revenue from rubber was M$3.38bn. or 22.5 per cent. of total exports. The smallholders' sector account for 59 per cent. of this output. In the 1950s, their share was only 40 per cent.

A glance at the annual reports of plantations listed as "rubber companies" on the Kuala Lumpur stock exchange clearly reveals this trend. Consolidated Plantations had 53,600 acres under rubber and 31,900 acres under oil palm in 1973. Last year, its acreage consisted of 49,800 acres rubber and *71,300 acres oil palm.* Kuala Lumpur Kepong had 63 per cent. rubber and 37 per cent. oil palm in 1972. To-day, only 43 per cent. of its 87,000 acres is rubber and 57 per cent. is under oil palm.

Last year, the smallholders' acreage under rubber increased by another 40,000 acres to 3,520,000 acres. Rubber in the estates declined by 18,000 acres to 1,460,000 acres.

Although they form the backbone of the economy, rubber smallholders (apart from those on government land schemes) and estate tappers are among the poorest Malaysians.

There are serious-thinking people who contend that the poverty of smallholders can never be conquered by present means, because most holdings are uneconomic plots. The obvious answer is to consolidate them *into larger plots,* but this would mean that perhaps half the smallholder population will *have to move out to other occupations.*

Functions

When this was put to Dr. Nor Abdullah, the chairman of the Rubber Industry Smallholders Development Authority (RISDA), he fought back with a spirited reply. "We know this is the quickest solution. But is it possible? You tell me how?" RISDA was created five years ago to take up all the functions of the three government agencies helping the smallholders.

The single most important factor that had enabled the Malaysian rubber industry to survive the threat from synthetics was the introduction of replanting in the 1950s. This gave Malaysia a generation of new trees, capable of producing three or four times more, and this keeps the natural rubber price down.

Among the plantations, replating posed few problems, once the initial debate on its merits were thrashed out. However, only about half the smallholders' acreage has been replanted, and replanting is still RISDA's major responsibility. Under the Third Malaysia Plan, a sum of M$670m. has been set aside for replanting and RISDA plans to replant 600,000 acres during the period.

RISDA also runs community development centres which buy and process rubber from smallholders, as well as disseminate information about new technology. There are now 1,450 such centres. RISDA also operates a plantation programme for smallholders whose lots are too small and so far 87,000 acres have been developed. The smallholders work on these estates run by RISDA, and they receive wages and dividends from profits.

Attitude

"Smallholders are now more receptive to government programmes, *and are beginning to* change their fatalist attitude towards life. Every smallholder knows the daily price on *the Kuala Lumpur rubber exchange* (broadcast on the radio) and he is not easily shortchanged by the private dealer *for his rubber sheets,"* says Dr. Nor.

The success of the Federal Land Development Authority has been well documented. Suffice to say, it has so far opened up more than 750,000 acres of jungle for rubber and oil palm, for more than 22,000 families. These settlers, each owning 8 to 10 acre plots, earn anything between M$300 and M$1,500 a month.

Another Government agency which helps smallholders is the Malaysian rubber development Corporation, Mardec. It buys latex and rubber from smallholders and processes it into premium Standard Malaysian Rubber (SMR). Mardec has 18 SMR and latex concentrate factories, and turned out 62,300 tons of SMR and 12,900 tons of latex concentrate last year.

The SMR scheme is another technological breakthrough in rubber, pioneered by Malaysia, which had proved to be a tremendous success. It was introduced in 1965 and to-day a third of Malaysia's rubber is in SMR *form.*

Further improvements to the SMR scheme would be made later in the year. Certain grades would be reclassified, others abolished because of low demand, while a new grade (SMR GP) would be promoted for use in the tyre industry.

Malaysia hopes rubber will one day be regarded as a semi-industrial product rather than a raw material.

High freight rates are a matter of growing concern. Last August the rubber industry secured a separate shipping agreement from the Far Eastern freight conference, the main line between Europe and the Far East, which allows for a 2.5 per cent. discount for rubber in return for 75 per cent. of the rubber to be carried by conference lines. The agreement is for three years.

The future of natural rubber looks good. Synthetic rubber should not pose a serious threat as oil prices rise, and environmental controls become more stringent. Malaysian planners expect a shortage of 1m. tons of natural rubber by 1985, and prices should remain high at around M$2 to M$3 a kilo. It is possible to grow trees giving 6,000 lbs per acre per year—three times the current yield. Tapping can be revolutionised so that a tapper can tap three times more, although the merits of such an innovation are questionable, considering the amount of unemployment it would create.

Crusade

On the international front, Malaysia's crusade for an international rubber agreement is beginning to bear fruit. Under the auspices of the UNCTAD integrated programme for commodities, the rubber producing countries have drafted an agreement for a price stabilisation scheme. It will be submitted to consumer nations for discussion in Geneva in September. If accepted, the agreement will provide for a mechanism, similar to the operations of the international tin bufferstock, to stabilise prices persuading rubber consumer nations to discard their suspicions about a rubber producers' cartel, and getting them to participate in the price stabilisation scheme has not been easy.

It is hoped that the scheme will be implemented by the end of the year, although time will tell whether it will work to the satisfaction of both producers and consumers.

W.S.

The timber industry

SEVERAL RECENT developments in the timber industry promise to bring more orderly exploitation of forests, put an end to unscrupulous marketing tactics and possibly bridge the divergent views of federal and state administrators on management of what has become a highly politicised industry.

For years, the industry has been steered by the various state governments which, realising that timber was a major bankroller for development and other programmes, jealously guarded their constitutional right to administer it.

The result was poor co-ordination, if any co-ordination was possible at all, between federal and state governments on management of an industry which last year netted some M$2.4bn. in export revenue. Exploitation of forests was allowed to proceed at a pace which threatened to wipe out the remaining 8.1m. acres of productive forests left in Peninsular Malaysia within the next 12 years.

Although federal warnings that logging to satisfy short-term gains could only be allowed to continue at the expense of long-term ecological and economic interests had gone unheeded for years, fears that reserves would soon be totally exhausted began to sink in last year when a national forestry policy was adopted in August. The overall objective was to cycle timber resources to ensure reasonable economic returns in perpetuity.

Under the policy, the state governments were to set aside permanent forest estates to ensure a continuing supply of forest products. The policy included a programme for forest development through approved silvicultural practices and a plan to foster the further development of wood-based industries.

A drawback, however, is the exclusion of the East Malaysian states of Sabah and Sarawak. Officials readily admit that a much tougher battle will be necessary for the policy's acceptance in the two states where historically timber has supplied the necessary funds for political coffers while concessions were until recently a means for rewarding the party faithful.

Progress

A good measure of progress was also made in marketing. Greater attention is being given to the non-traditional markets such as West Asia which is fast emerging as a major buyer due to intensive promotional work. The Malaysian Timber Industry Board has been quick to seize on the high level of building and construction activities in countries in that region. Improved shipping services between Malaysia and ports in West Asia, a problem in the past, is expected to further stimulate sales to the United Arab Emirates, Yemen and Bahrain. The inroads into new markets did not, however, mitigate the revenue lost from a generally weakening market.

The combined export earnings from both saw logs and sawn timber rose by only 1.7 per cent. to M$24bn. last year compared to an increase of 112 per cent. in 1976. Exporters have blamed the much slower growth to the low level of construction activity in major industrial nations and the high stocks held. The slow growth in volume was also accompanied by a softening in price levels.

Gross exports of saw logs at M$1.56bn. rose only 6 per cent. compared to the steep 119 per cent. rise in 1976 when price levels were at a high. While saw log exports from Peninsular Malaysia declined by more than 28 per cent. to 271,600 cubic metres, largely due to increased domestic consumption, the drop was more than offset by an increase in Sabah's exports which reached some M$1.28bn. Overall, about 13m. cubic metres of logs were exported, well exceeding an earlier Treasury forecast of only 10.7m. cubic metres.

Supply

Japan, by far the largest importer, increased its offtake by only 4.8 per cent. to 8.8m. cubic metres largely due to high inventory. One factor which has kept the growth in saw log exports from Peninsular Malaysia in check has been the export ban on certain popular species to ensure that domestic processing industries secure adequate supplies.

Sawn timber did not fare as well with export earnings dropping some 5 per cent to M$841m. last year although volume exported rose 1.2 per cent. to 3.1m. cubic metres. The export unit value slipped by 6 per cent. to M$272 per cubic metre. An encouraging development has been the increasing emphasis in East Malaysia to process more wood locally. Sabah, for example, increased its sawn timber exports by almost 90 per cent. to 30,800 cubic metres although this figure is small *compared to the state's total* exports. *Increased domestic processing is expected with the* Government's promise of promotional incentives.

Stiff competition from Indonesia and the Philippines, long a thorn *in* the back of Malaysian exporters, received some attention. Sabah's exporters have initiated a dialogue on common pricing policies and marketing strategies with their counterparts in Indonesia on the special problems of southsea logs and a common stand appears likely.

At the governmental level, representations have been made to Japan, Canada, Australia and New Zealand on the high tariff and non-tariff barriers such as quantitative restrictions and strict health regulations which have cut into exports.

Increasingly, however, the realisation that greater domestic processing and use of timber for construction will provide an effective hedge is beginning to take hold. The processing of timber into products such as plywood, veneer, mouldings, dowels and chipwood still accounts for only about 20 per cent. of the export value of timber from Peninsular Malaysia where the industry is more developed.

But if the vicissitudes of the market have been a major problem to contend with, some loggers and exporters have not helped much by their adoption of what can only be described as unethical trading practices. Supplies have often failed to comply with contractual obligations and a major public relations exercise has been necessary to repair the industry's rather tarnished image abroad. On the home front, the introduction of standard contracts by the timber board has helped bring order to dealings between sawmillers and exporters.

Mervin Nambiar

Setting new targets for tourism

THE TOURISM industry in Malaysia is now gearing itself to seize a bigger chunk of the world travel market in the decade ahead.

This is a task which will require soul-searching, foresight and hard work from all concerned. The industry, having gone through a most difficult period caused by world-wide recession, is painfully aware that it will have to redouble its efforts, revise marketing strategy and tourism development if it is to get a fair share of the tourist cake.

True, having to make do with "crumbs," the industry had been able to grow in "fits and starts" to surpass the million-visitor mark if arrivals from Singapore were included.

But it is a sad commentary that Malaysians travelling abroad still come across many people who haven't the faintest idea where Malaysia is, despite the fact that it is the world's largest exporter of natural rubber, palm oil, tin and tropical timber, despite the global publicity surrounding the Japanese Red Army attack on the American Embassy and the staging of the Muhammad Ali-Joe Bugner World heavyweight boxing bout in Kuala Lumpur in 1975.

Mr. Baharuddin Musa, Director-General of the Tourist Development Corporation said recently: "No one can be induced to come to Malaysia if he does not know where Malaysia is, what Malaysia has to offer, how to be here, who to contact, where to stay, what to do and so on."

Yet there is a promising future for the industry—if projections on the increase in travellers from Western Europe, Japan, America and Australia in the mid-1980s (and Malaysia's share of the tourist cake)—come about.

Mr. Raymond Peladan, Director of the Institute of Air Transport, has projected that some 2.9m. one-way passengers would be travelling from Europe to PATA countries by 1982. This is a 79 per cent. increase from the 1975 figure or a yearly increase of about 12.4 per cent.

Most of the Western European travellers will go to Thailand, Singapore, Hongkong, India, Australia and Sri Lanka.

Malaysia will have to share the remaining 42 per cent. (1.2m. Western European arrivals) with the other 27 PATA countries.

Qantas projections indicate that by 1985-86, about 3.6m. Australians are expected to travel abroad, three times the existing number.

Mr. Baharuddin said if the present number of Australian tourists visiting Malaysia is reflected in this projected increase by simply multiplying the figure by three, some 373,000 Australians will be visiting Malaysia in 1985-86, or about 1,022 persons a day.

Using the same simplistic projection, Malaysia can expect some 300,000 Japanese arrivals by the mid-1980s when the number of people from that country travelling overseas is expected to increase two-fold from the 1977 figure of 3.1m.

Volume

American tourists still prefer Europe but the number of travellers from the U.S. to PATA countries had increased from 922,000 in 1967 to 1.8m. in 1977. The number of American tourists to PATA can still be induced to increase.

Rosy as these projections are, Malaysia's biggest markets will still be in the Asean countries, with Singapore and Thailand accounting for most of the Asean travellers.

Using statistics covering the period January to June 1976, the TDC has computed that 76 per cent. of the tourists visiting Malaysia in 1976 (1.2m.) came from the Asean countries. Out of this, 87.7 per cent. (1.04m.) were from Singapore.

If Singapore visitors were to be considered separately, the total tourist arrivals for Malaysia in 1976 would only be around 567,000.

It literally means that Malaysia will have to redouble its efforts and, assuming that there will be a steady growth of 10 per cent. per annum, Malaysia can only be admitted to the million-visitor club in 1982.

Does Malaysia have the resources and the ingenuity to attract these potential travellers to the extent it can receive its fair share of the tourist market? This is the crucial question the industry is asking itself.

Malaysia, with its 127,316 square miles and 13m. people, is a rich land well-endowed by nature.

There are over 1,000 square miles of beautiful sandy beaches, island playgrounds dotting both sides of the Peninsula and in Sabah and Sarawak; there are cool mountains, rich flora and fauna in tropical jungles said to be the oldest in the world and the cultural heritage of three great civilisations (Islamic, Hindu and Chinese) to attract travellers.

Tourist infrastructure like first-class hotels, restaurants, public transport by road, rail and air are generally adequate.

Although promotional efforts in the past by the TDC, tour and travel agents, hotels and the national carrier, Malaysian Airline Systems (MAS) had capitalised on these attractions, Malaysia appears to be losing out to Thailand and Singapore as well as Hong Kong and Taiwan in the scramble for the tourist dollar.

As a tourist destination, Malaysia offers a pretty tame package compared to the hedonistic delights of Thailand: and where shopping is concerned it is far behind Singapore and Hong Kong. A Thai-style approach to attract tourists is out of the question for this conservative country, but a move has been made in the setting up of duty-free shopping areas for tourists.

Unless there is a drastic change in approach, promotional efforts (though likely to be intensified), will continue to harp on such attractions as beaches and hill resorts, cultural shows and festivals, watching Malay adults spinning tops, flying kites or performing the silat (Malay art of self-defence), visiting ruins of Portuguese and Dutch buildings in Malacca, or seeing Bajau or native horsemen in Sabah and Dayak warriors performing ritual dances in Sarawak.

That such campaigns have not been too effective can be seen from the balance sheets of first class hotels in Kuala Lumpur which reported losses ranging from M$1.1m. to M$3.5m. in the financial year January-June 1976/77.

Guidelines

What is urgently needed is a clearer policy on tourism development and here the TDC has a major role to pay in the drawing up of policy guidelines.

Tourism development in Malaysia has been a subject of controversy. While everybody agrees that it is a valuable source of revenue, the authorities are concerned over the adverse effects of exposure to "alien culture" on the country's youths; local residents in beach areas and conservationists are opposed to the development of beach hotels on the grounds that they may spoil the natural beauty of the beaches and fencing off choice areas to deny the local people of their right to enjoy these facilities.

The TDC, which has been attempting for years to draw up a master plan for tourism development, feels there is a need for greater impetus and co-ordination and liaison between policy and decision markets of the State Governments and the various government authorities associated in one way or another with the industry.

This would ensure that the industry would grow at a more rapid and yet orderly pace, with the development of tourist infrastructure and facilities carried out according to master plan studies.

Lack of such co-ordination had resulted in the current situation characterised by a room-boom in Penang and a slump in Kuala Lumpur. Tourism promotion will have to be carried out continuously and effectively. This is not an easy job as the TDC has found out.

After working at it for five years, co-operating with tour operators, associations, clubs and even schools, sponsoring "sell Malaysia" missions to such markets like Japan, Australia and Europe, the TDC is forced to admit that "very many people in tourist generating countries still do not know such a country named Malaysia."

Since 1977, direct advertising campaigns constitute 80 per cent. of its total advertising budget appropriated. In this, the TDC has been hampered by financial constraints and thus gives priority only to campaigns most likely to give the best results.

There is also a need for tour operators to be more aggressive in covering foreign markets rather than just acting as handling agents.

There are 628 known tourist agencies in Malaysia, most of them small operations. There is much competition leading to undercutting and irregularities among the agencies and there have been several attempts to regulate their activities.

Mr. Baharuddin believes that airlines operating in Malaysia have an important role to play in promoting the country as a destination rather than a stopping point or as a tourist-generating country. More inbound tour packages should be programmed in important tourist generating markets, a role which MAS has been urged to assume.

MAS advertises Malaysia's tourist attractions widely in the countries to which it flies but in its package tour programme, it appears to be more concerned with flying Malaysians out of the countries than bringing in foreigners.

Intra-regional travel among the peoples of the Asean countries is an important factor to the growth of the tourist industry.

Asean efforts in this direction have been to drop visa requirements for travellers from the member countries comprising Malaysia, Singapore, Thailand, the Philippines and Indonesia, as well as devising a fare package sufficiently attractive enough to appeal to travellers.

An Asean circle trip fare introduced by the national airlines of the five countries was a flop because it was not competitive. This has been replaced by an Asean promotional fare offering travellers a 35 per cent. discount for any two Asean destinations but this is still not as attractive as fares offered by the Orient Airlines Association.

Whether Malaysia will be able to achieve the targets set out for its tourism industry will, in the final analysis, depend on how all parties gear themselves for the future. It will require a lot of hard work from all concerned.

C. Chan

Weighing newly-picked oil-palm fruit.

Growing influence of oil palm

AS A latecomer to the commodity scene in resource-rich Malaysia, palm oil has made an impressive impact. Through careful planning and planting, this commodity has become an important foreign exchange earner in little over a decade.

Palm oil's success is no fluke and its emergence is due to a high return on investment and the prevailing price on international markets. In recent years, the authorities have been giving the oil palm industry all the attention they used to devote to rubber, which has been the mainstay of the Malaysian economy for over 70 years.

The switch to palm oil makes economic sense since it brings in a higher return than rubber. For example, the net profit from an acre of rubber is only M$250-M$300 while that for palm oil is between M$600 and M$700. Looking at these figures, it is no wonder that palm oil has become a strong contender for new investment.

In opening the seminar on market development of palm oil products organised by the International Trade Centre of UNCTAD/GATT in Kuala Lumpur in March, Mr. Paul Leong, the Deputy Primary Industries Minister, said the commodity was expected to account for M$4.75bn. in export earnings by 1985, compared to the estimated M$4.46bn. for rubber.

Confidence

He pointed out that by that date, Malaysia would be exporting an estimated 4m. tons of palm oil, 550,000 tons of palm kernel oil and 400,000 tons of meal. Last year, Malaysia exported 1.5m. tons of palm oil and 130,500 tons of palm kernel oil with estimated earnings of M$1.65bn.

The surprisingly good demand for the commodity has fully justified the confidence which the government and the private sector have placed on it. It was a gamble of sorts when the authorities decided to diversify its economy so that it will not be too dependent on rubber.

The decision was taken in the 1960s, at a time when the rubber price was under strong pressure and coupled with the threat from synthetic rubber. Palm oil appeared to have a distinctly brighter future. Those who took the plunge early are now reaping handsome harvests.

The industry has made great strides in the past 10 years and Malaysia is now the world's largest producer of palm oil. While this is a remarkable achievement, it was only made possible through conscientious planning and the proper use of resources.

A concerted effort to plant and re-plant palm oil has increased the acreage impressively. Last year both mature and immature acreage totalled 1.8m. By 1981, this should be in the region of 2m. acres.

The projected production is expected to increase from 1.7m. tonnes in palm oil last year to 3m. tonnes in 1981; from 400,000 tonnes to 700,000 tonnes for palm kernel; 176,000 tonnes to 308,000 tonnes for palm kernel oil; and from 208,000 tonnes to 365,000 tonnes for palm kernel meal during the same period.

In the past 10 years between 1985 and 1995, the production of palm oil could increase from 4.3m. tonnes to 6.9m. tonnes; 989,000 tonnes to 1.6m. tonnes for palm kernel; 455,000 tonnes to 730,000 tonnes for palm kernel oil; and 514,000 tonnes to 841,000 tonnes for palm kernel meal.

The industry is the only one in which there is an even distribution between the public and private sectors. The main government agency is the Federal Land Development Authority (FELDA) which is responsible for starting new schemes either planted with rubber or oil palm. This year alone, it will develop about 50,000 acres in oil palm.

Together with the other agencies such as the Sabah and Sarawak Land Development Boards and the various State Economic Development Corporations, the share of these public corporations in the industry is about 45 per cent. Last year, FELDA produced about 292,000 tons of crude palm oil and 53,000 tons of palm kernels.

One significant development is that in the past, palm oil used to be a large estate crop in that the smallholders just could not afford the resources to mill their crops. But the government participation has changed the picture somewhat and through FELDA, there are now 17 such mills.

By investing hundreds of millions in such oil palm schemes, the government has an interest, therefore, to ensure the proper development of the industry. Unlike the rubber industry, oil palm is not organised at all on a central basis and the private sector is left to fend for itself.

With the setting up of PORLA (the Palm Oil Registration and Licensing Authority) last year, things are beginning to look up and the future development of this growing industry will be planned on a sounder footing.

PORLA is an all-embracing body. It will look after the different facets of the industry, ranging from research, re-planting and marketing to transport. It will be like the Malaysian Rubber Research and Development Board and the Malaysian Rubber Export Licensing Board all rolled into one.

Legislation to set up this organisation was approved by Parliament last year and a senior civil servant, Mr. Toh Ah Bah, has been appointed its first executive head. Though it was formally set up in November last year, PORLA is yet to function properly. It still lacks the staff required to run such a specialised organisation.

It will be entrusted with all the powers needed to control and regulate the activities of the industry. The money for research and re-planting will come from a tax to be imposed, though the amount has yet to be fixed. The production tax will enable PORLA to have an estimated working fund of M$30m. to M$40m. annually.

All producers, millers, brokers and exporters will have to get licences from PORLA before they can operate, though the fees have not yet been fixed. PORLA will be responsible for laying down an efficient grading system and co-operating with other agencies in the establishment of industries producing or using palm oil.

Inspectors

PORLA will also be authorised to enter into negotiations to promote the industry. In addition, inspectors will be appointed to police the activities of licensed operators.

With more processing mills being set up, the government has also drawn up stringent regulations in order to reduce pollution. There are about 150 processing mills and 24 refineries which will have until July this year to come into line.

The new legislation will cost the industry millions of dollars in installing the anti-pollution machinery. The industry has said it could well absorb the extra expenditure and there should be no problem in implementing the scheme since the machinery is available locally.

All these efforts to produce an orderly development of the industry depend on constant demand and steady prices. Malaysia, as well as other producers, is worried about the growing protectionist tendencies of the U.S. and the European Economic Community which could affect the commodity's future.

Of particular concern is the attitude of the United States, which is the biggest buyer of Malaysian palm oil with purchases of about 330,000 tons annually. Malaysia is extremely worried by a move to impose a three cent duty (U.S.) on palm oil entering the U.S.

This concern was conveyed to Mr. Bob Bergland, the U.S. Agriculture Secretary, during a visit last year. Mr. Bergland gave a personal guarantee that he would do everything within his power to block such a move. But the uncertainty remains since the U.S. has a powerful soyabean lobby and the fact that being a farmer, President Carter might want to protect his own kind.

Such problems notwithstanding, both the government and private sector are optimistic that there is a bright future for palm oil, which is slowly but surely capturing a larger slice of the edible oils market. So far, the M$3bn. which the investors have put into the industry has been well spent but more will have to be invested to make it Malaysia's premier agricultural crop in the coming years.

V. K Chin

Humbug, common sense and morality

THE PROSPECT of an October election, with the summer of humbug that must precede it, is almost too dreadful to contemplate—but there is one ray of hope. Some politicians may do us the service of giving at least passing mention to the most important question facing our society today. The question is, of course, "What values do we hold most dear?"—and among the politicians, naturally, are Mrs. Margaret Thatcher, Sir Keith Joseph, Mr. Anthony Wedgwood Benn and Mr. Eric Heffer.

Whatever their defects, these political leaders do have one merit in common. They understand the importance of social and political morality, and they are prepared to discuss it. Mrs. Thatcher will not hesitate to tell us the values of the self-made man—or woman; Sir Keith will speak at sometimes embarrassing length about his view of the "common ground;" Mr. Wedgwood Benn never shrinks from an opportunity to put forward his own particular view of socialist ethics; Mr. Eric Heffer is so much purer in these matters than Mr. Benn that he is outside the Cabinet.

I am quite serious about this. Our values — our political morality—ought to be the central focus of any election debate. It is an unfortunate defect of the British national character that open discussion of such matters is usually avoided, so that politicians and others who do speak of morality are usually dismissed as "extremists" or "preachers" or "holier than thou." You do not get much thinking about values in the centre of politics; this is the fundamental flaw of the "practical, common-sense approach."

Yet the need to get our values straight is probably more pressing today than it has been at any time since the great clash of values that ended in the defeat of fascism. This is not so much because there is any immediate threat of victory by people whose values are totalitarian (although that threat is not so remote that it can be ignored)—but rather because the rapid disintegration of formerly binding principles has left so much of our society floundering.

Competence

For example, the principle of absolute egalitarianism is now marching triumphantly through all the old notions. The idea that at least in the colonies some races were inherently inferior to others was officially respectable in this country until Mr. Macmillan's "Wind of Change" policy in Africa. The notion that women's place in society is of a distinct and lower order than that of men was the basis of our law until less than ten years ago. In the U.S. it has become impossible to practise overt discrimination on grounds of age; when this one has been digested we shall still be feeling the effects of the proposition that it is wrong to discriminate on grounds of competence.

Granted, it is confusing to mix up the several values listed in the above paragraph. One may favour the abandonment of policies based on theories of racial or sexual superiority while yet questioning whether pensioners are fit to become miners, and still insisting that competence is a necessary test that all must endure. Yet the confusion is unavoidable, for once the new morality laid down that *all* forms of discrimination are evil we were bound to travel the road to absurdity. We were right to turn away from the principle of hierarchy, but we failed to foresee all the consequences.

A second principle that once seemed to hold society together—the principle of order, or structure—has been abandoned in favour of a new *laissez faire* that has nothing to do with economics. It is found in the realm of personal behaviour ("permissiveness"); the arts (piles of bricks); education ("never mind the spelling or the grammar"); attitudes to crime ("if it isn't murder it hardly matters"); and in the constricted yet formless daily lives of many people in our large cities.

Here again there is confusion. One may favour the new personal freedoms while yet recoiling from the increase in thuggery, or the consequences of sloppiness in education and the arts. Here, too, the confusion is unavoidable—once all kinds of order became anathema, we had no alternative but a kind of chaos.

It will be noted that both these major changes in social values—the abolition of hierarchy and the banishment of order—are usually associated with the Left. So is another, equally powerful, change: the apparent weakening of the sense of personal responsibility that once motivated so many people, such as nurses, firemen, teachers, doctors. All of these, and others, are now in danger of serving union "solidarity" rather than the proper subjects of their professional attention. Sad to say, it would be possible to give many instances where this has happened and where patients, perhaps, or children, have been neglected.

Ashley Ashwood

Mr. Anthony Wedgwood Benn and Sir Keith Joseph—two politicians who understand the importance of social and political morality.

It would be wrong to deduce that the Left is to blame for all our troubles. For one thing, the injustices perpetrated by a rigid adherence to the old values—on hierarchy, or the discipline of order, or the use of non-union labour—were always associated with the Right, and it is in protest against them that the Left has done so well. For another, there are still values associated with the Conservatives that would best be shaken out of the system. For instance, it still beats me how people who can buy anything that costs money preach blithely to those who have no money with which to buy that the marketplace, and only the marketplace, is the true depository of democracy and freedom.

Yet it is the Left that is the focus of attention in a compendium of articles in the latest issue of New Universities Quarterly*. In the first, Mr. Colin Crouch, a lecturer in sociology at the LSE notes the share of the Left in our general crisis. "The long-term decline and questioning of a set of standards inherited in the main from the 19th-century has become a rapid collapse," he writes. Permissiveness could lead people to a "feeling of normlessness," so that they "yearn for the restoration of apparently discredited guarantors of stable order: the hangman, the censor, the eleven-plus."

Not only Mr. Crouch has noticed this: the early-warning signs suggest that many Conservative speeches will be peppered with precisely such references over the next few months.

Labour's values

For a funny thing has happened over the past few years. There was a time when reference to values, or morality, was more or less a monopoly of the Labour party. Socialists believed in values; they proclaimed them. The Tories, on the other hand, were the pragmatists: the evil they feared most was doctrine, or ideology. If they had values, they were unspoken, taken as read. Today we face an election in which a Labour Prime Minister is likely to concentrate on down-to-earth everyday policies while the Leader of the Opposition and the ideologues around her air their newly-defined beliefs.

The first of these, stated often, loudly and publicly, is that no greater harm could befall this country than the return of another Labour Government. That may ring true to some people if what is really meant is a Government led by the Stalinist minority within the party, but it sounds odd when applied to the party led by one of the most conservative Prime Ministers since, shall we say, Harold Macmillan.

The muddle arises from the failure to think through the proper values for modern Britain. It is perhaps a bit hard to blame our Ruritanian politicians for this, since few of them have the necessary breadth of vision. Mr. Benn and Mr. Heffer state the values of a policy based on the hegemony of a declining class (and if it is manual workers they favour, a minority class): Mrs. Thatcher and Sir Keith put forward the values of a bygone age in such a manner that their precepts appear to many people to be mere "weapons of status."

I borrow the phrase from Colin Crouch's essay since it states the defect of current Tory philosophy so very clearly. When the ability to speak in a certain way was a test of competence to broadcast, that was a weapon of status at the BBC. Now, when freedom is so often defined as the freedom to spend money, the absence of reference to the relative difficulties of getting money makes such talk a weapon of status.

It is no use Conservatives trying to slip away from this with talk about how compassionate they are in practice as against the Labour Party's merely theoretical compassion. Neither party is free of hypocrisy and pretence. But the shocking consequences of some of the new values of the Left are well enough known, and some of them have been fully rehearsed above.

Ideological

Now that the Right is on the ideological attack, its own ability to cause human casualties should not be forgotten. Those who maintain that most of the unemployed are "idle layabouts"; or that a means test, however sensible in accounting terms, can be applied without someone getting hurt; or that employers are invariably humane while employees are led by the nose by unions; or that some of the poor are "undeserving" are more likely by far to be espousing Tory values than Labour ones.

We all have our personal, secret, thoughts about which form of unpleasant political morality we dislike least—that of the Left or the Right. But that is of no real consequence at the moment. There has been such a change in everyone's perception of right and wrong that we all need to think afresh. In a Britain more favoured by good fortune this would be the stuff of debate.

Joe Rogaly

* *New Universities Quarterly* Volume 32, No. 2, Spring 1978, Basil Blackwell, Oxford.

Letters to the Editor

Something to shout about

From Mr. Terence Higgins, MP

Sir,—To-day's article, (May 12) "The Tories Find Something to Shout About," makes a number of valid points about the situation which has been created by the Government's Finance Bill defeats. But it would be a mistake to accept the view that it is up to the Government to decide what off-setting action, if any, should be taken.

The article states it is the prerogative of the Government to raise revenue. That is true, the Opposition cannot move amendments to increase taxes. But it does not follow in the present situation that this enables the Government to choose how any revenue is to be raised.

Indeed, if it attempts to do so in the ways Mr. Healey has suggested, increasing employers' insurance contributions, corporation tax, or stamp duties, it is to be hoped the combined Opposition will vote down such proposals and go on doing so until the Government puts down sensible amendments or goes to the country.

Personally, I strongly support the criticisms made in your first leader, "Righting the Balance," of Mr. Healey's suggestions, and your view that there should be a shift from direct to indirect taxation. Restoration of a standard 10 per cent. rate of VAT would have all the advantages I stressed when steering the original legislation through the Commons and raise sufficient revenue to make charges of Opposition irresponsibility even more implausible than they are at present.

Such a combination of changes would certainly greatly improve the Budget. The Opposition parties have the power to bring this about and should use it.

Terence L. Higgins.
House of Commons, SW1.

Health service breakdown

From Mrs. Rowena Mills.

Sir,—Until faced with a personal crisis few of us realise the degree to which the traditional caring conscience of the medical profession in this country is being slowly, but inexorably, eroded in the face of the constraints arising from the present method of financing the NHS.

This week my 81½-year-old mother, a victim of arteriosclerosis and able to walk with only the greatest difficulty with a walking aid (and quite unable to move without), fractured her right arm. She was admitted to the large comprehensive and very modern hospital unit serving her area of South West Surrey and her arm duly set.

The doctor then brightly announced she could be immediately discharged. We pointed out that since she could no longer use her walking aid (the use of which is entirely dependent on the strength of her arms) she would be totally immobile with only her 79-year-old husband with angina resident to help her wash and dress (a process which prior to the accident took 3½ hours) and go to the lavatory.

Having repeated this at intervals to various staff, we eventually got her admitted for the night in order that arrangements for her care could be made. Her doctor, however, informed us that the district nurse was shared with another partnership and the time she could give to my mother would be minimal. In spite of this, and in spite of our reminding them that she had broken her arm twice before through a fall the hospital authority informed me that nevertheless they were discharging her as soon as she could be "fetched." Only the re-iteration that she was totally immobile brought an ambulance into service. They insisted that they had no bed to offer her and she must go. In fact a hospital clerical worker told me there were beds. While I did not get this confirmed it is possible that, as in our local hospital, there were pay beds phased out by the Government and standing empty.

We are among the fortunate few who can pay for a private nursing home where my mother is now installed and being well cared for.

What would have been the plight of this shocked and helpless old lady had she been without both means and someone articulate to help her? And how many each day are discharged from hospital totally unable to cope?

The situation is, of course, the fault of the system rather than the individual (although, sadly, the constant failure of the system to back up the medical needs of patients is reducing medical staff to take decisions which would never have been countenanced at the inception of the Health Service).

The Health Service is the largest single employer in this country and one of the biggest spenders. The demands on the service have risen far faster than the rate at which resources have been allocated.

Again we must question the degree to which the replacement of self-help and free choice by State paternalism is not only destroying our very necessary spirit of independence and enterprise, but also producing increasingly inferior services.

The problem in respect of the NHS is enormous, and its solution long term, but certainly one answer should be to reverse the rundown in NHS beds and to encourage private medicine. Were it not for the doctrinaire policy of phasing out pay beds now standing idle through lack of staff, the occupation of these beds would not only bring in much needed revenue, estimated at around £50m-£60m per annum, but would also release beds currently occupied by people willing to pay (twice) for their medical care.

Rowena Mills.
West Grays,
Highercombe Road,
Haslemere, Surrey.

House buying in Scotland

From the Chairman, British Legal Association.

Sir,—Ray Perman's account of buying a house in Scotland (May 12) was timely because, as some of your readers will know, our solicitor members have as a matter of policy decided that Solicitors' Property Centres, on the Scottish model, should be introduced into this country. We are pressing the Law Society to support this move in the public interest.

No doubt shortage of space prevented Mr. Perman from saying that whereas estate agents in England and Wales charge 2 per cent or 3 per cent of the price of the property as their fee, the Solicitors' Property Centre, at the moment, charges only £10 per house sold through it. A very real consideration for any vendor and of indirect benefit to everybody because it helps to keep prices down overall.

The suggestion made by Mr. Perman that solicitors in Scotland "very rarely knew how to 'market' a house properly" is a view which no doubt comes from estate agents, but is not borne out by the facts. In any event the public seem well satisfied in Scotland with Solicitors' Property Centres. Nineteen of these centres sold, during last year alone, houses to the total value of £255m. They would hardly have done so unless they were satisfied with the "marketing" of the houses.

Because, in Scotland, offer and acceptance lead to an immediately binding contract (whereas in England the offer is customarily made subject to a future contract and therefore not immediately binding) it is very important, if that part of the Scottish conveyancing system was introduced here, as your correspondent suggests, "that a client should not enter into such a contract without having had the opportunity of consulting his solicitor for he may well be entering into a contract which, for one reason or another, he cannot or it is against his other interests to fulfil" (see evidence of Law Society of Scotland to Royal Commission on Legal Services in Scotland). That close contact between client and solicitor from the outset of any transaction (contrasted with England where too often the client does not consult his solicitor until the estate agent has sold the property "subject to contract") makes for greater speed overall in the buying and selling whilst guarding against an imprudent bargain and, as Mr. Perman remarks, where the solicitor handles the actual marketing of the property —whether through a Solicitors' Property Centre or personally by advertising it in a newspaper—it is very much cheaper than paying the fees of both estate agent and solicitor.

S. P. Best.
29, Church Road,
Tunbridge Wells, Kent.

The cost of a bureau de change

From Mr. Alan Stibbe

Sir,—I would be grateful if your correspondent Mr. M. A. Jorden, of Chequepoint Services (May 9), would refer again to my letter published on April 25, of which he makes criticism, since he apparently has not read it.

He mis-quotes my letter as having claimed to "thrive" by charging a flat 25p for cashing cheques, whereas my letter actually referred to the offering of official bank rates for the buying and selling of currency and travellers' cheques.

Mr. Jorden is obviously perfectly right in stating that on a cheque of £6.25 or less, our flat charge of 25p would amount to more than Chequepoint's 4 per cent, but since so few cheques are cashed for such low amounts, this argument is sheer nonsense. The average amount of the cheques we cash is £22.30, for which our charge is still 25p and Chequepoint's would be 89p—256 per cent more. Mr. Jorden also omits to mention that Chequepoint have a minimum charge of 20p for cashing cheques.

However, as a bureau de change, we are, in fact, basically in business to buy and sell currency and travellers' cheques, rather than to cash cheques—I cannot account for Mr. Jorden's curious statement that cashing sterling cheques for £6.25 or less forms a substantial part of his business. It is the rates offered to tourists for foreign currency by many bureaux that have recently come under fire from Mr. Rost, MP for Derbyshire South East, who is quite rightly demanding a Government inquiry. For the cashing of sterling travellers' cheques we make no charge at all, whereas Chequepoint's charge remains at 4 per cent with a minimum of 20p. My company operate a 12-16-hour, seven-day-week service, giving official bank rates on foreign currency dealing. Similar to Chequepoint, we are also compelled to sell our currency to authorised banks, but since Mr. Jorden apparently regards his company as "one of the pioneers of the bureaux de change business," I am surprised that he is unable to obtain the fine rates which are offered to us after only a year in business —the authorised banks with whom we deal are always prepared to offer us well in excess of the 1-1¼ per cent which Mr. Jorden claims is all that he is offered.

Finally, I am a little surprised that, since Mr. Jorden apparently regards this company as a "small provincial office" to be compared with a "corner grocer shop" (his letter of April 21), he should be prepared to devote so much of his valuable time to composing letters to the Press regarding our rates!

Alan Stibbe,
Chairman.
Stibbe Eurochange
Port of Dover.
Burlington House,
Townwall Street, Dover.

Agriculture in Portugal

From Mr. Dick Stafford Smith.

Sir,—Democracy throughout the world is clearly under enormous stress at the moment and its very survival must be in doubt. At such a time it is pure common sense for those nations who believe in freedom to do everything possible to succour and sustain their weaker brethren.

It is therefore all the sadder to find every possible obstacle being placed in the way of our old ally Portugal in her attempt to join the Common Market and thereby stabilise both her political and economic future. She is grouped with Spain and Greece as a future liability and Mr. Silkin, on his return from his Milk Marketing Board battle, has once again drawn attention to the problems of increasing the "Mediterranean" agricultural gluts if the three new members are admitted.

This is I believe to misunderstand and misrepresent completely the reality and potential of Portuguese agriculture. That country has, in the Tagus valley, one of the most valuable agricultural assets in Europe. By a happy confluence of nature and history the valley contains some of the best soil in the best climate and in the right management units for intensive market garden production one could hope to find.

The climate is her own, the soil has washed down from Spain over the centuries and the management pattern comes from the fact that Portugal was the last country in Europe to move from feudalism to redistribute wealth and that only in the last few years. This plus the fact that the country has no landlord/tenant tradition has meant that vast areas of the valley have been managed as single units.

As any land economist or politician will know all too well the usual problem with trying to modernise an agricultural industry lies in the difficulty of introducing new programmes and systems when management is on a very fragmented basis. Here that problem does not exist and with a little help from her oldest ally Portugal's agriculture could very quickly become a powerful tool in her economic armoury.

She would then become a valuable ally and trading partner in the councils of Europe as well as a stalwart in the struggle to maintain democracy.

Dick Stafford Smith.
7, Avenfield House,
Park Lane, W1.

To-day's Events

GENERAL

Index of industrial production (March, provisional).

Prime Minister speaks at CBI annual dinner, Dorchester Hotel, W.1.

Cabinet committee studying future UK civil aircraft and engine manufacturing programmes expected to review progress of talks between Mr. Eric Varley, Industry Secretary, and presidents of Boeing and McDonnell Douglas.

President Kaunda of Zambia ends visit to London.

President Sir Seretse Khama of Botswana arrives in London for talks with Prime Minister.

Inquiry opens in London into grounding of Amoco Cadiz.

Second and final day of Financial Times conference on The North Sea and its Economic Impact, Grosvenor House, W.1.

Mr. Ernest Armstrong, Under-Secretary, Environment, opens one-day conference on The Home Improvement Market in Great Britain, Cavendish Conference Centre, W.1.

Police Federation conference opens, Blackpool (until May 18).

Specibuild '78 Exhibition opens, Olympia (until May 19).

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, committee.

House of Lords: Scotland Bill, committee. Films Bill, second reading.

Select Committees: Nationalised Industries (sub-committee A). Subject: Innovations in rural bus services. Witnesses: National Bus Company (4 p.m., Room 8). Joint Committee on Statutory Instruments (4.15 p.m., Room 4). Expenditure (Social Services and Employment sub-committee). Subject: Public Expenditure White Paper—Social Security Chapter. Witnesses: Department of Health and Social Security (4.30 p.m., Room 6).

COMPANY RESULTS

Coats Patons (full year). C. E. Heath and Co. (full year). Ranks Hovis McDougall (half-year): Trafalgar House (half-year). Unilever (first quarter).

COMPANY MEETINGS

Ash and Lacy, Birmingham, 6.15. Associated Biscuit Manufacturers, Great Western Royal Hotel, W., 12.30. British Enkalon, Hyde Park Hotel, S.W., 3.15. Brixton Estates, 22-24, Ely Place, E.C., 12. Chersonese (FMS) Estates, Plantation House, E.C., 12. Oil Exploration, Abercorn Rooms, E.C., 3. Padang Senang Rubber, Sevenoaks, 12. Winn Industries, Dorchester Hotel, W., 11.

COMPANY NEWS + COMMENT

DCM down on expectations at £6.4m.

ON EXTERNAL turnover up from £86.49m. to £92.78m. pre-tax profits of Dunbee-Combex-Marx advanced by 9 per cent. during 1977 to a peak of £6.43m. compared with £5.91m.

At halfway (when profit was well ahead from £198,000 to £721,000) the directors said that their task in reaching their best expectations had been made much more difficult in some instances, due to the reduction in disposable personal incomes during 1977. However, they expected a significant increase in the full year's results.

The directors now say that profits, while showing a satisfactory increase in the context of a difficult year, did not reach their highest expectations. The year began well, but abnormally late buying of toys at retail level restricted the increase of the year's profits.

Though the toy division increased its trading profits by some 20 per cent. some companies in that division and in the DIY and industrial division fell short of their 1976 profits. The problems affecting these companies have been tackled, they add.

The group acquired Aurora Products Corp. in February, this year, and the directors say that this may well change the pattern of seasonality of group profits in 1978. They are encouraged by a significant rise in order intake to date, and they anticipate a year in keeping with the group's past profit performances.

Earnings per 10p share are 24.5p (17.1p) and the dividend is effectively raised from an adjusted 5.0769p to 5.58461p with a final of 3.93461p net. The directors state that if ACT is reduced then the proposed final payment will be increased.

Tax charge for 1977 is down at £0.88m. compared with £2.09m.: following ED 19 no provision has been made for deferred tax for stock relief of £1.73m. (£1m.).

	1977 £000	1976 £000
External turnover†	92,781	86,490
Pre-tax profit	6,433	5,912
Deferred tax	631	964
Current tax	249	1,101
Minorities	10	12
Extraord. debit	71	—
Leaving	5,472	3,810
Dividends	1,246	1,130

† Comprises group turnover £100.74 (£93.02m), less inter-company transactions £7.96m (£6.53m).

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Alpine Holdings	30	7	Hield Brothers	30	4
Austin Reed	32	6	Huntleigh Group	32	3
Beattie (James)	30	2	Leyland Paint	32	5
Clydesdale Inv.	32	3	Madame Tussauds	34	8
Dunbee-Combex-Marx	30	1	NSS Newsagents	30	5
Drummond Investors	34	8	Old Swan (H'gate)	31	2
Empire Stores	32	6	Prudential Assurance	34	7
Evered	30	2	Stag Line	30	3
Fisher (James)	34	6	Sunbeam Wolsey	31	3
French Kier	31	1	Tube Investments	30	7
Glynwed	31	3	Young Co.'s Inv.	30	8

Mendez offers for rest of Rajawella

A. Mendez and Co. (UK)—UK subsidiary of Mendez International, the Hong Kong parent of a group of financial and trading companies operating mainly in the Far East—is to offer 4p cash per Rajawella Produce Holdings share.

The offeror, through a subsidiary, already owns 36.12 per cent of Rajawella's capital.

J. Beattie expands to £2.54m

ON TURNOVER up from £25.16m to £27.8m James Beattie, retail departmental store operator, reports pre-tax profits ahead from £2.06m to a record £2.54m for the year ended January 31, 1978, after serving members dividends costing £223,824 against £181,000.

Earnings per 25p share are up from an adjusted 8.83p to 10.54p and the dividend is effectively raised from 2.07311p to 2.28362p net. Also announced is an additional 0.03189p for 1976-77 on the reduction in ACT.

Net profit was £1.21m (£1.02m) after tax took £1.33m (£1.05m).

Sales and profits for the first three months of the current year have exceeded by a substantial amount those achieved during the same period in 1977, directors state.

Meeting, Wolverhampton on June 6 at 2.30 p.m.

More progress in sight at Evered

Results at Evered and Company Holdings should show further progress in current year following the recovery from a £150,310 pre-tax loss to profit of £119,671 in 1977. On any substantial upturn in demand in its main markets the directors would expect a far more than proportionate increase in profits, says Sir Timothy Harford, the chairman, in his annual statement.

The principal problems that have bedevilled the group over the last few years namely the major losses of its hardware and controls activities and the decline of the rolling mill, have now been resolved. Many problems remain, but they are less daunting both in number and magnitude than those which faced the board at the end of 1974. During 1977 the directors made useful progress in restoring confidence within the group and with its customers, he says.

Current order intake and immediate prospects of two of the company's light engineering activities—British Castors and Evered Security Products—are markedly better than 12 months ago. However the main determinant of the group's profits is the level of activity in the mills. Although this shows some improvement from the depressed position prevailing in the second half of last year, the mills are still operating some way below capacity.

Britannic Assurance Company holds 13.73 per cent. and M and G Recovery Fund 6.44 per cent. of the equity.

Stag Line loss: no interim

ON LOWER turnover of £1.27m against £1.41m Stag Line incurred a loss of £157,360 for the six months to April 30, 1978 compared with a profit of £537,034 last time, before a tax credit of £81,827 (£279,258) charge.

The result takes account of investment income of £28,866 (£75,212), depreciation of £101,948 (£116,602), a surplus last time of £441,236 on the sale of a ship, and pre-delivery interest on loan capital in respect of "Begonia" of £125,474 (£28,364).

In view of the loss the directors do not consider an interim dividend appropriate but consideration will be given to a payment out of reserves at the year end

Last year an interim of 3.8p net per £1 share was followed by a final of 7.6p. There was a pre-tax profit for the full year of £635,595.

● comment

Stag line is the third small shipping company to announce a cut in its dividend in less than three weeks. At the end of April, Turnbull Scott cut its final dividend for the first time since the war; just over a week ago Hunting Gibson omitted its final dividend, and now Stag line has passed its interim dividend. In common with the other companies it is losing money since freight rates in the bulk trades are not adequate to cover operating costs if depreciation and interest charges are included. In addition, Stag Line has more immediate problems since the M.V. Photonia has run aground in Milwaukee of all places. The company is on the point of taking delivery of a new bulk carrier costing £6.8m and is obviously finding it tough going. However, it should be well received if it applied for a temporary deferment of its capital under the U.K. Government's new scheme. At 105p the company is capitalised at just £1½m.

Hield Bros. recovers to £0.65m

AFTER A turnround from a loss of £145,000 to profits of £284,000 in the first half, Hield Brothers, which makes worsted cloth, finished the 52 weeks to April 2, 1978, with a pre-tax surplus of £650,000 against £68,000. Turnover expanded from £8.9m to £10.71m including 67 per cent (65 per cent) exports.

Earnings are given as 1.982p (0.095p) per 5p share. The dividend is held at 0.745p net.

Mr. A. G. Park, the chairman, says that in spite of some lower activity in the second six months, considerable progress has been made towards improved profitability. In addition short-term borrowings had been further reduced and now stand at £416,000 (£1.321m.).

Direct exports represent a 24 per cent improvement in value during the year.

Mr. Park says that the order book, while lower than the historical average, will provide a satisfactory level of activity for several months. It is too early to express a firm view on the new financial year as a whole he adds.

	1977-78 £000	1976-77 £000
Group turnover	10,713	8,902
Trading profit	1,014	422
Depreciation	234	201
Interest	130	153
Profit before tax	650	68
Tax	336	41
Net profit	314	27
Pref. dividends	13	13
Proposed ordinary	113	113

MAXIM'S

The directors of Maxim's state that the option to receive shares in lieu of the final dividend of 5p per 25p share is to be at the rate of one new share for every 105 existing shares in respect of residents of the UK and scheduled territories and one new share for every 72 existing shares in respect of residents outside the UK and scheduled territories.

Mr. Basil Feldman (left) and Mr. Richard Beecham, joint managing directors of Dunbee-Combex-Marx—significant rise in order intake achieved in current year to date.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alpine Hldgs.	1.65†	July 7	0.81	2.48	1.63
J. Beattie	2.28‡	June 7	2.07*	2.28	2.07*
Davenports Brewery int.	0.88	—	0.8	—	2.77
Dunbee Combex	3.93†	Nov. 10	3.58*	5.58	5.08*
French Kier	1	July 7	0.5	1.75	0.5
Hield Brothers	0.75	July 3	0.75	0.75	0.75
NSS Newsagents int.	0.8	July 5	0.7	—	2.12
Old Swan (Harrogate)	0.61	—	0.53	1	0.89
Stag Line int.	Nil	—	3.8	—	11.4
Young Cos. Trust	2.25	July 5	2.1	3.65	3.3

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.03189p for 1976-77.

NSS ahead to £1.93m after six months

SALES FOR the half year to April 2, 1978, of NSS Newsagents expanded from £22.33m to £27.19m and profits increased from £1.61m to £1.93m subject to tax of £1m (£0.52m).

Earnings are shown to be up from 4.65p to 5.47p per 10p share and the interim dividend is lifted from 0.7p to 0.8p net costing £135,000 (£118,000). A scrip issue of one new 9 per cent £1 cumulative preference share for every 10 ordinary held is also proposed.

For all 1976-77 dividends totalled 2.1225p

At the end of the period the company was trading from 396 retail branches, a net increase of 24 since the start of the year, including a group of ten shops in Nottingham taken over at the end of March.

While the outlook for the remainder of the year depends to a large extent on a more settled newspaper industry the company hopes to benefit from some overdue price increases for newspapers and from the businesses acquired in the first half. The rate of inflation on the goods sold has slowed down but costs continue to rise with a further wage increase due in July. Nevertheless the directors hope for a satisfactory result for the full year.

● comment

Profits growth of a fifth from NSS is a good result bearing in mind disputes in Fleet Street and the newspaper wholesalers. All in all outside disputes have cost NSS £55,000 of profit. Meantime the tobacco giants have been fighting it out in the "king size" market which has inevitably caught up retailers in promotional activities. As NSS tobacco margins fell without any corresponding increase in volume which actually fell 3 per cent. However confectionery sales were brighter, where, after considerable customer price resistance in the previous year prices have stabilised and volume is showing signs of a recovery. The overall lack of volume growth is demonstrated by the sales breakdown, which shows turnover growth of only 11 per cent from existing outlets. Still, the store opening programme is speeding up with 10 bought in the closing weeks of the interim period and another 20 or so due to come on stream in the second half, including a couple of major "high street" styled openings. So turnover should keep pushing ahead fairly significantly and even though net margins could come under some pressure—wages are due to rise 12½ per cent—NSS looks capable of £3.9m profit this year. At 119p the prospective fully taxed p/e of 10½ and yield of 3 per cent is a reasonable rating.

SUITS to bid for six weeklies

Scottish and Universal Newspapers, a subsidiary of SUITS, is preparing a bid for the six weeklies published by the collapsed M Publications of Arbroath in Fife.

SUN will have to submit an application to the Office of Fair Trading for permission to take over the titles, which are being kept alive through the voluntary efforts of 16 journalists who have refused to accept redundancy.

The journalists are producing emergency editions of the six papers, of which some 10,000 copies are being sub-contract printed each week, with the financial backing of the National Union of Journalists.

There are two legal problems to be resolved before a final application could be made to the OFT, however.

One concerns the liquidation, which is technically of M Publications parent company, T. Buncle and Company, and the other is over an £80,000 security held by SUITS on M Publications since last year, when the Glasgow-based group sold out to Mr. Jack Meiland, who ran the company until its collapse.

The liquidator, Mr. Peter Taylor, of Deloitte and Company, Edinburgh, said the directors of M Publications had agreed to partition for his appointment as provisional liquidator so that the newspapers could be disposed of, hopefully as a going concern.

Doubled profit for Alpine Holdings

PRE TAX profits of Alpine Holdings, double glazing and aluminium windows group, more than doubled from £464,000 to £930,000 for the 52 weeks to January 31, 1978—almost reaching the record £956,000 established in 1972/73.

At the 27 week stage (when profits showed a rise from £96,000 to £223,000 the directors said that with the industrial window activity closed they viewed the future with confidence.

The year's results include associates share of £130,000 (£113,000) and are struck after deducting £187,000 (£384,000) trading losses for the discontinued activity.

The directors state that trading in the current year has started strongly and subject to unforeseen circumstances they anticipate further profit improvement from their existing businesses.

They add that the group will have the benefit of a contribution from recently required Dolphin Showers and they are therefore looking forward to a significant improvement in group profits.

Stated earnings per 5p share are well up from 1.54p to 4.29p and the dividend is stepped up to 2.475p (1.625p) net with a final of 1.65p. The directors intend to progressively increase dividend payments in line with future growth in profits.

Alpine (Double-Glazing) Co., the group's principal activity, achieved a substantial trading improvement in the period with a profit increase of 45 per cent to £1.32m on a sales advance of 29 per cent to £11.97m.

The directors explain that this was achieved after absorbing initial trading losses in respect of retail selling through Debenhams stores which commenced in September 1976. This activity contributed a loss of £89,000 on the first half, but following agreement with Debenhams on a new basis for its future operation and significantly improved sales it has contributed to profit in the second half. The directors now view the future of retail selling through Debenhams with confidence.

Alpine Dreamline made a reduced contribution to profits reflecting the depressed trading conditions in the furniture sector. Some improvement in trading was experienced in the second half and this improvement has con- tinued into the current year, the[y] add.

There was an extraordina[ry] credit for the period of £310,0[00] (£69,000 debit) which comprised profit of £312,000 on the dispo[sal] of the group's shareholding [in] Century Aluminium Company, an[d] a profit on the sale of a 51 pe[r] cent shareholding in Alpinai[r] £48,000, less the £50,000 costs [of] closure of the industrial windo[w] activity.

As at January 31, 1978, fixe[d] assets of Alpine were £608,0[00] (£614,000) and taking in Dolphi[n] as at December 31, 1977, the[y] were £874,000. On the same bas[is] net current assets are shown [as] £1.15m (£0.6m) and £1.97m an[d] net asset value per share 15.[?] (10.4p) and 17.2p.

● comment

A reduced loss in the since d[iscontinued] industrial windo[w] activity and further headway [in] domestic double glazing are th[e] main features behind Alpine's fu[ll] recovery to the 1972-73 profi[t] level. Largely because of hous[e]holders' concern about rising fu[el] bills, and the availability of to[p] up mortgages, volume growth [in] the double glazing division [was] around 15 per cent, with most [of] it coming towards the end of t[he] year in particular for replaceme[nt] windows where Alpine hol[ds] about a fifth of the over[all] specialist market. The compa[ny] also has a share of around 14 p[er] cent in the double glazing mark[et] and further penetration in bo[th] these areas should now [be] possible through the retaili[ng] arrangement with 80 Debenha[ms] stores, which contributed about [a] tenth of divisional sales in t[he] first full year. Meanwhile, t[he] sale of Century has boosted n[et] cash to £0.84m. Alpine h[as] already acquired Dolphin Showe[rs] to improve its position in t[he] home improvement sector a[nd] there is talk of moving into t[he] home security area. The curre[nt] year could also see some of [the] £0.3m outstanding with debto[rs] from the industrial windo[w] activity. The high rating—a p[/e] of 12.9 with a yield of 8.8 per ce[nt] at 57p—is clearly anticipati[ng] further growth.

Shop stewards challenge Tubes chairman

Tube Investments' shop stewards forced the company to defend its industrial relations record, at the AGM in Birmingham yesterday

Mr. Alec Hodder, chairman of the unofficial shop stewards combine, which claims to represent the 30,000 manual workers, challenged Mr. Brian Kellett, the chairman, on his statement in the annual report that tax rebates and supplementary benefits might be a factor contributing to the length of industrial disputes.

Mr. Kellett said he was not suggesting people went on strike for social security benefits, which he welcomed as a cushion against the problems of unemployment. However he thought it was "an observable fact" that where people on strike were supported, the dispute might be longer.

Mr. Kellett, on prospects for 1978, told holders there had been little change so far in the general business situation although in some respects the outlook was brighter.

"The improving level of consuming spending, although patchy, is generally encouraging and is directly helpful particularly to our domestic appliance business."

In the steel tube division there were "a few encouraging signs from overseas markets accompanied by some hardening of prices."

Mr. Kellett was confident that the upward trend of TI's profits would be maintained in 1978.

DALGETY

Since April 19, 1978, Dalgety has purchased the following amounts of certain of its Redeemable debenture stocks: 6½ per cent., 1979-84, £1,912,507; 6½ per cent., 1979-84, £298,118; 6½ per cent., 1985-95, £1,367,146; 7 p[er] cent., 1982-87 £346,248; 8½ p[er] cent., 1988-93, £562,807.

The programme of purchas[es] which was announced on April [?] 1978, has now ended.

Increase by Young Cos.

Profit for the year to March 31 1978, of Young Companies Investment Trust rose from £222,834 [to] £230,189 after tax of £117,939 compared with £121,845.

Stated earnings per £1 sha[re] increased from 3.43p to 3.54p a[nd] the dividend total is raised fro[m] 3.3p to 3.65p net with a final [of] 2.25p.

هكذا منذ الأجل

French Kier tops £6m. and sees same for 1978

DESPITE A marginal fall in turnover from £156.1m to £154.7m, pre-tax profits of French Kier Holdings jumped from £3.08m to a record £6.01m in 1977.

In November, reporting first half profits up from £0.83m to £2.75m, the directors forecast a full year surplus of not less than £5.5m.

Full year earnings are shown to be ahead from 1.6p to 6.3p per 25p share and the dividend total is stepped up from 0.5p to 1.75p net with a final of 1p.

Borrowings were reduced to £4.6m (£9.3m), and cash balances increased to £9.5m (£5.3m), say the directors.

There was an increased profit contribution from UK construction companies despite slightly lower turnover and higher profits and turnover from overseas construction companies.

Full provision has been made for contingencies on the Hong Kong joint venture. Products and services companies maintained turnover, and there were improved results from property development and investment companies.

The corporate structure has been reorganised and the Department of Transport convertible loan repaid.

The UK order book held steady during the year and overseas orders were maintained despite increased competition.

A furthering of the scope of products and services companies is anticipated and property development and investment companies are entering more constructive phase.

Taxable profits for 1978 are expected to be not less than those for 1977, the directors add.

Extraordinary items comprise losses arising on currency re-alignments of £208,000 (£149,000) a surplus on sales of properties of £46,000 (£393,000), a deficit on sale of investments of nil (£78,000), premium on acquisition of investment currency nil (£294,000), provision against loan to trustees of French Kier Holdings Share Purchase Scheme written back £41,000 (£2,030) and premium on repayment of convertible loan from Department of Transport £135,000 (nil).

● comment

French Kier has doubled its pre-tax profits in a year in which turnover is marginally down. The disparity arises because of the delayed recognition of profits on long-term construction projects both in the UK and overseas. The sales downturn comes mainly from the UK side, where the figure has dropped from £119m to £107.6m, though trading profits are up almost 30 per cent. at £6.3m. On the overseas side the trading profit contribution has doubled to £1.6m on furnover up from £22m to £34m. But it is still difficult to get an idea of the group's recurring profits, excluding material—though undisclosed—provisions. UK construction profits, for example, have apparently been struck after a £½m provision in connection with the Department of the Environment affair, while full, but unspecified provision has also been made for contingencies on the Hong Kong joint venture. At 33p, the shares trade on a p/e of 5.2 on a non-ed 19 basis, indicating that the group still has a lot of work to do.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Concentric, Land Investors, Penland Investment Trust, Rank Hovis McDougall, Reo Stakis Organisation, Trafalgar House, Yorkshire and Lancashire Investment Trust.

Finals:—Blockleys, British Vending Industries, Bunzle Pulp and Paper, Cakebread Robey, Coats Patons, English and International Trust, Fidelity Radio, Foster Bros., Clothing, Furness Withy, Hambros Investment Trust, C. E. Heath, Kwik-Fit, Lee Cooper, P. Pamo, Walter Runciman, Seccombe Marshall and Campion.

FUTURE DATES

Interims:—

Leeds & Dist. Dyers & Finishers	May 19
McCorquodale	June 7
Management Agency and Music	May 19

Finals:—

Exchange Telegraph	May 25
Imperial Cold Storage and Supply	May 22
New Thorgmorton Trust	May 25
Peerage of Birmingham	May 18
Transparent Paper	May 23

Advance by Old Swan Harrogate

Pre-tax profits of the Old Swan Hotel (Harrogate) advanced from £54,874 to £96,255 in the year to March 31, 1978.

After tax of £55,625 (£23,407), which includes a transfer of £45,000 (£7,000) to deferred tax, earnings are shown at 2.7p (2.1p) per 10p share and the dividend is lifted from 0.8927p to 0.9969p net with a final of 0.6051p. A two-for-three scrip issue is also proposed.

Glynwed ready for growth

In his annual statement Mr. Leslie Fletcher, the chairman, says that Glynwed is now ready for the next period of growth, much of which will be generated from internal sources.

The group has consolidated its activities following several years of acquisitions and this will give it the strength and confidence to look for real improvements in profits and earnings in the future.

As reported on April 13 in a full preliminary statement, pre-tax profits slipped from £14.63m to £13.03m in the 53 weeks to end-1977 on turnover of £285.44m (£243.03m).

Meeting, Sheldon, Birmingham on June 8 at 3 p.m.

Sunbeam Wolsey to improve

Despite the problems facing Sunbeam Wolsey, Mr. C. O. Stanley, the chairman, is confident that the group can still further improve its position in the current year.

It is difficult to predict the profit for 1978 with any degree of certainty he tells members. Efforts to create a better business climate still need to show definite results. The new Multi Fibre Agreement perhaps offers a less rapid rate of deterioration in trading conditions within the EEC than occurred over the past five years. The international scene is looking even more difficult and "if we are not in a position to compete internationally we cannot be successful."

As known, pre-tax profits advanced from £457,921 to £915,293 in 1977 on turnover of £20.93m (£14.95m.).

During the year the Board has been concerned to conserve financial resources and consolidate the strength of the balance sheet. The surplus on current assets over current liabilities is £3.89m.

MONEY MARKET

Interest rates steadier

Bank of England Minimum Lending Rate 9 per cent (since May 12, 1978)

Trading in the London money market was generally calm yesterday, in sharp contrast to the previous few Mondays, when the expectation of a rise in Bank of England Minimum Lending Rate has led to very nervous conditions from the beginning of the week. Discount houses buying rates for three month Treasury bills were 8{7/16}-8⅜ per cent. remaining firmly within the bracket for an unchanged minimum lending rate of 9 per cent.

The UK trade surplus for April, announced yesterday, was in line with market expectations, and had already been discounted in the general level of interest rates. Short-term rates eased slightly following the figures, but then returned to previous levels. Market sources suggested that only a very bad set of trade figures would have produced any sharp re-alignment of rates. Longer term rates were generally easier than on Friday.

The supply of day-to-day credit was very patchy, and although an overall shortage was expected, the authorities did not intervene. Banks are therefore expected to bring forward run-down balances.

Banks carried over surplus balances from Friday, and the market was also helped by a substantial excess of Government disbursements over revenue payments to the Exchequer. On the other hand there was a very substantial net take-up of Treasury bills to finance, a slight rise in the note circulation, and the market was also faced with the monthly adjustment on special deposits.

Discount houses paid up to 8⅛ per cent for secured call loans, and closing balances were generally found at around 7-7½ per cent.

In the interbank market overnight loans opened at 7¼-7½ per cent, and touched 8¼-8½ per cent, before closing at 4-5 per cent.

Rates in the table below are nominal in some cases.

May 15 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	4-8½	—	—	—	8½	7-8⅛	—	—	—
2 days notice	—	—	7⅞-8⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	8⅛-8¾	8-8¼	—	8½-9	8⅝	7⅝-8	—	—	—
One month	8⅝-8½	8⅝-8{11/16}	8¼-8⅝	8¾-8¼	8¾-9¼	9-9⅛	7¾-8	8⅛-8¼	8{7/16}-8½	8¾
Two months	8{11/16}-8{13/16}	8{13/16}-9⅛	—	8⅞-8⅝	8¾-9⅜	—	8½	8⅜	8{9/16}-8{11/16}	9
Three months	8{13/16}-8{15/16}	9{1/16}-9{3/16}	8⅞-9	9⅛-8½	9⅛-9½	9⅜	8¼-8⅜	8{7/16}-8{5/16}	8{11/16}-8⅝	9¼
Six months	9¼-9{3/16}	9½-9⅝	9⅛ 9½	9¼-8¾	9½-9¾	—	—	—	8{15/16}-9	9½
Nine months	9½-9¼	9½-9¾	—	9¼-8¾	9⅞	—	—	—	—	—
One year	9{11/16}-9{9/16}	9⅝-9⅞	9⅝-9⅞	9½-9	10⅛	—	—	—	—	—
Two years	—	—	10½-10⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¾-11⅞ per cent; four years 11¾-12 per cent; five years 11⅞-12¼ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 8{11/16}-8¾ per cent; four-month trade bills 9¼ per cent.

Approximate selling rates for one-month Treasury bills 8-8⅛ per cent; two-month 8⅛ per cent; and three-month 8¼-8{5/16} per cent. Approximate selling rate for one-month bank bills 8{11/16}-8⅝ per cent; two-month 8{17/32}-8{9/16} per cent; and three-month 8{19/32}-8⅝ per cent. One-month trade bills 8⅝ per cent; two-month 8¾ per cent; and also three-month 9⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7½ per cent from May 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6 per cent. Clearing Banks Base Rates for lending 9 per cent. Treasury Bills: Average tender rates of discount 8.4631 per cent.

Ocean Transport warns of big profit cut

THE CURRENT year has started badly for Ocean Transport and Trading. The world recession, continuing slump in bulk shipping, increased competition in some of the group's liner trades and delays in West Africa, all mean that a very considerable cut in profits must be expected for 1978, Sir Lindsay Alexander, the chairman, told the annual meeting.

There is growing competition on some of the company's shorter liner routes, and some fall-off in cargo volumes generally. In Apapa, on which its important West African trades hinge, the first quarter of this year has seen acute shed and container congestion and there have also been continued severe delays at some other West African ports. This has meant that the company has so far only completed about two-thirds of the number of voyages it expected, with a serious impact on first-half results.

This fall in trading profitability and in the net proceeds from the sale of surplus ships in the bad market means that the directors will have to draw substantially on the group's cash resources to finance its building programme, with a consequent reduction in earnings from cash surpluses, which have made a valuable contribution to profits in recent years.

"In the longer term, our expectations of an improved trading background reinforce the comfort we draw from the fundamental resilience and diversity of the liner trades in which we are involved," he added.

Clydesdale Inv. ahead at midterm

Revenue of Clydesdale Investment Co. rose from £712,128 to £939,777 in the six months to March 31, 1978, before tax of £380,909 against £287,216 and the directors estimate full-year earnings of 1.82p (1.67p) per 25p share.

The net asset value stood at 95.5p at the half-year end (91.6p at September 30, 1977).

An interim dividend for the current year of 0.6p (0.5p) net was paid with last year's 1.175p final. Full-year revenue for 1976-77 came to £1.7m. before tax.

Increase seen by Huntleigh

Subject to reasonable economic and political conditions Huntleigh Group should increase its turnover and profit in the current year, says Sir Joseph Hunt, the chairman.

As reported on April 11 pre-tax profits fell from £870,705 to £720,432 in 1977 after a rise from £402,000 to £458,000 in the first half. Turnover for the year was up from £5.61m. to £6.76m.

The electronic and medical side contributed 51 per cent of turnover and 70 per cent of profit and engineering 49 per cent and 30 per cent.

Current cost profits are shown at £453,858 (£645,885) after adjustments for depreciation £66,791 (£67,220), cost of sales £224,883 (£186,000), less gearing £25,100 (£28,400).

Sir Joseph says group companies performed well, with the exception of Hymatic Engineering whose shortfall in output and sales was largely attributable to the exceptional influx, into series production, of a number of newly engineered aerospace products, the pre-planning of which, in the event, did not prove adequate.

The new products are now established in production. Supported by a good current order book and long term forecasts of future requirements, it is expected that Hymatic Engineering will show much improved sales and profit in the current year.

The company has been restructured, and from the beginning of the current year will concentrate upon its aerospace and allied products business.

In its first full year within the group Setpoint made a profit. During the year, work commenced on a development programme designed to expand both the scope and size of the Setpoint operation.

The investment will inevitably be a drain on group profitability, which will last through to the end of 1978 and possibly somewhat beyond, says Sir Joseph. It is intended to expand production facilities during the current year.

The group generated a positive cashflow during the year enabling the early repayment of the medium term loan of £260,000 and investment in fixed assets of £376,000.

Meeting Howard Hotel on June 5 at noon.

Broad base to help Leyland Paint

The broad base on which Leyland Paint and Wallpaper is based covering the new building, maintenance, DIY, and export markets encourages the directors to anticipate a further satisfactory year, says Mr. Peter Simmonds, the chairman.

The group has increased its sales volumes during two very difficult years for the building industry, which is experiencing its worst recession in this century, he tells members.

As reported on April 7, pre-tax profits came to £1.73m for the 65 weeks to end 1977 against £1.39m for the previous 53 weeks. At the year end there was an increase in liquid funds of £187,000 (£1.4m).

On a current cost basis, profits are shown at £1.24m after adjustments for depreciation—£250,000, and costs of sales—£645,000, less gearing—£406,000.

Meeting, Leyland, on June 9 at 2.30 p.m.

Empire Stores expects continued progress

THE DIRECTORS of Empire Stores (Bradford) are optimistic in spite of the difficult times and the group expects the current year's figures to show continued progress, so that there will be satisfactory increases in both turnover and profit.

Mr. C. T. Wells, the chairman, says in his annual statement that for the first three months of the 1978/79 year the group has continued to beat the inflation figures in the sales it has obtained. And he says the directors believe that Empire will maintain this increase.

As reported on April 13, on sales up from £77.43m to £93.34m taxable profit for the year to January 31, 1978, rose by 27 per cent from £5.43m to a record £8.89m. And the dividend is raised from 3.33p to 4.8246p, with Treasury consent in context with the rights issue last year. On a CCA basis following the Hyde guidelines pre-tax profit is adjusted to £4.98m after adjustments for additional depreciation £221,000 and the gearing factor £1.69m.

Mr. Wells says that sales were difficult to achieve in the autumn and winter period, and the economic recession that affected almost all of the retail trade was reflected in the group's market. He adds that during the period the group continued to add pages to the catalogue that sells its merchandise and by spring 1978 it had increased by 8 per cent on two years ago.

The chairman states that as the principal business of the group expands, the relevance of subsidiary Fattorini and Sons becomes even more insignificant, particularly as the nature of its business, which is the manufacture of badges, industrial nameplates and medals, is so diverse from the main group activity.

Agreement has been reached for a sale of this business to Mr. Alan Jones, director and general manager of Fattorini, at a price, including repayment of the inter-company loan, which is about the same as the net asset value of the business.

Mr. Wells is to retire during the current year and will be succeeded by Mr. John Gratwick.

Meeting, Bradford, on June 13 at noon.

Optimism at Austin Reed

IN THE belief that they have the right trading strategy and policies the directors of Austin Reed Group look forward to the year ahead with optimism, Mr. Barry Reed, the chairman tells members.

Given an upturn in consumer confidence the company is capable of achieving a further increase in its realised net profit and in its return on investment he adds. For 1977-78 trading profit was 40 per cent up to a record £2.55m and, although short of the director's objective, margins improved to 7.7 per cent and return on investment to 20 per cent.

The company showed losses on retailing in Scandinavia due in part to a squeeze on consumer spending. The outlook in Denmark and Sweden is now a little brighter than six months ago but it is generally believed that there will not be any appreciable improvement in their economies before 1979, he explains.

To date £1m has been sanctioned to cover the first 18 months up to November 1978 for the refurbishing and modernising of the company's principal store in Regent Street. The second phase, involving other departments and floors, is under consideration for 1979 and 1980. When the work is finished the directors forecast that a very substantial increase in sales and profit will be realised.

Last year capital expenditure amounted to £1.6m.

Turnover for the year to January 31, 1978, was better at £33.06m (31.28m) and the gross dividend is raised to 4.3317789p (3.9379808p) per 25p share—as reported April 7.

On a current cost basis profit was marginally reduced to £2.43m after additional depreciation of £47,897 and extra cost of sales of £81,947 and including a gearing adjustment of £25,820.

Cash at year end was down £151,365 (up £1.82m) and bank overdrafts amounted to £259,686 (£594,581). Capital spending contracts had been placed for £950,000 (£373,000). Last time an additional £730,000 had been authorised but not contracted.

The two specialist manufacturing companies both achieved record sales and profits but the shirt-making business of Stephen Brothers was re-organised, involving the closure of a factory. This company's turnover is only about half that of a year ago, but a return to profitability has been attained and the business is now on a sound footing, Mr. Reed states.

It is proposed that the authorised capital be increased to £5.35m. An extraordinary general meeting is called for June 7.

Cadbury & Peter Paul

No date has yet been given as to when the U.S. Federal Trade Commission will complete its study of the $58.2m. acquisition of Peter Paul by Cadbury Schweppes which was carried out late last month.

Mr. Robert Ix, chairman of Cadbury Schweppes American region, said yesterday that the company was co-operating with the FTC on the investigation. He believed that "viewed on its merits" the merger would enhance competition rather than reduce it.

Sir Adrian Cadbury, chairman of the group, said that the products of the two companies complement each other rather than overlap. Cadbury's is strong in "moulded" chocolate bars but lacks chocolate-covered coconut bars which Peter Paul does have.

The main priority from now on would be to see the Peter Paul business grow. Further acquisitions in the U.S. will take second place to this and in any case, Sir Adrian said, organic growth is the central concept.

In Britain Cadbury Schweppes is seeking to improve its return on assets from 15 to 16 per cent, as at present to "nearer 25 per cent" within four years. It was aiming at this by concentrating on its major brands.

SMITH ST. AUBYN SCRIP

Smith St. Aubyn (Holdings) scrip issue of preference shares turns out to be an issue of 1.35m. of 9½ per cent Cumulative Second Preference £1 shares.

The new shares will be issued in the proportion of one for every eight Ordinary 25p shares. Dealings in the new capital start on June 12.

هكذا من الأهل

BIDS AND DEALS

HME forecasts £24.9m.

Harrisons and Crosfield have wasted no time in bringing out the offer document for Harrisons Malaysian Estates. The estimated profits for HME in the year to March 31, 1978, are £24.9m and the fixed assets have been revalued at £119m. This figure results in a net asset value per share of 80p.

Among the wealth of information in the document is included a list of the holdings of H. and C. which were increased by the acquisitions of Malayalam and Harcros Investment Trust, and how these will be increased further by the acquisition of HME. The HME deal will result in four more companies becoming subsidiaries of H. and C., Kuala Selangor Rubber, Sabah Plantations, Glenowrie Rubber and H. and C. Latex Sdn.Bhd.

H. and C.'s stakes in six other companies will also be increased but to below the 50 per cent level.

Under "additional information" a list of dealings in HME shows that H. and C. was a regular buyer of the shares between May 1977 and February 8 this year, when the last 525,000 shares were bought.

Mr. Frederick Harper, a director both of HME and H. and C., said yesterday that negotiations for the merger were begun after that date, in mid-March.

The information on HME shows that the company had cash and short term deposits amounting to £24.9m at the time of the last balance sheet dates of its component companies. Since H. and C. is already not highly geared, the new group will have net tangible assets of £121.6m (without revaluation of estates) supporting borrowings of no more than £13.7m (the combined figure for H. and C. and HME at March 31, 1978).

This has clearly helped facilitate the proposed 88 per cent dividend hike. Mr. Tom Prentice, chairman of H. and C., says in his circular: "In making this (dividend) proposal your Board is conscious of the great financial strength of the merged group."

DUNCAN GOODRICKE OFFER FOR LONGAI

Walter Duncan and Goodricke has to-day bought 7,505 Ordinary shares, 3,378 "A" preference shares and 2,105 "B" preference shares in Longai Valley Tea Company in each case at £1 per share. These purchases, with existing holdings and those of associates, bring the total holding to 44,811 ordinary (50.92 per cent.), 16,979 "A" preference (58.55 per cent.) and 5,905 "B" preference (53.68 per cent.).

In accordance with the city code, Duncan will make unconditional cash offers for all the shares of each class at £1 per share in each case.

UTD. GAS SELLS GERMAN OFFSHOOT FOR £392,000

United Gas Industries has agreed the sale of a wholly owned German subsidiary, Pintsch Bamag Gastechnik GmbH and the subsidiary of that company, Petry Gasregeltechnik GmbH for DM 1.5m (£392,000).

The business of PBG consists of the design, engineering and manufacture of gas control and regulating stations and also gas measurement, conditioning and regulating instruments. It made a pre-tax profit of DM 2.4m in 1977.

UGI is selling because of the extreme fluctuations in the results of PBG over the years, due to large contracts. Because of this the future of PBG has become uncertain and, having regard to the group's currency exposure and the contingent liabilities associated with PBG, its retention by the UGI group could no longer be justified.

UGI expects to announce on July 13 profits before tax in excess of £2m for the year ended April 2, 1978.

Included in the profit figure are the profits of PBG to December 31, 1977, in the sum of £595,000 and also a loss of a similar amount, a major part of which is in respect of non-recurring items, arising from the reorganisation of UGI's thermostat business in the UK.

As an extraordinary item the group accounts will also include a book loss resulting from the sale of PBG (the net assets of which at December 31, 1977, were £1.34m) of around £950,000. Group capital and reserves at March 31, 1977, adjusted for the subsequent rights issue, amount to £8.95m.

UGI's investment in PBG was financed by loans of DM 4.5m of which DM 2.5m would, in the absence of the sale, be outstanding on June 30, 1978. Arrangements have been made that these loans will be partly repaid out of the proceeds of sale and it is intended that the outstanding balance will be re-financed as soon as possible by a sterling loan to be repaid by the end of 1979.

MOOLOYA OFFER FOR CUSTOMAGIC

A bizarre takeover conflict was revealed yesterday as Mooloya Investments emerged as the suitor for Customagic Manufacturing, the stretch covers company.

Sir Cecil Burney, chairman of Customagic and resisting Mooloya's approach in that capacity, happens to also be a director of Mooloya. A statement by Mooloya said: "Sir Cecil Burney has taken no part in the approach by Mooloya."

Mooloya has entered into conditional agreements with certain Customagic shareholders, particularly members and friends of the Terry family, to acquire 2,328,470 shares. These together with the 135,000 shares already held by Mooloya amount to 47 per cent of Customagic.

One of the conditions is that certain financial information be obtained about Customagic. This information has so far been refused but Mooloya was yesterday consulting lawyers about how it might be extracted and a further announcement is expected this week.

The terms of the mooted offer which Customagic has rejected were 20p per share in cash or new partly convertible unsecured loan stock. The board of Customagic other than Mr. B. Terry and his son Mr. A. Terry, rejected the offer as "inadequate."

Customagic announced yesterday that it has agreed to lease Customagic House to Gallahers for 30 years at £131,250 per annum. The property has recently been professionally valued at £1.5m. After allowing for the mortgage, the unencumbered value of £1.1m is equivalent to 21.4p per share.

BRITISH LAND BUYS SMALL PROPERTY CONCERN

For the third time in a year British Land, the property investment company, has bought a stake in a smaller property group by way of a share issue.

Yesterday it announced that it was to issue 815,400 shares in return for the whole of the equity of Wellingrove Property Investment, a small private group with property assets valued at £323,000. The purchase price, based on a marked price for British Land at 31p, is £253,000.

Exactly a year ago, British Land issued just over 2m. shares to pay for a 15 per cent stake in Bridgewater Estates, bought at 212p. In October it sold the stake for 259p a share.

Then in January this year the company picked up 18.3 per cent. of Property Investment and Finance, in two tranches by way of the issue of a further 1.8m. shares. Within three weeks it had sold the holding to an associate of Imperial Life of Canada for a net profit of £50,000.

Aurora gets control of S. Osborn

Aurora Holdings now has control of its Sheffield neighbour Samuel Osborn. By lunchtime yesterday (having launched its bid on Friday morning holding 29.5 per cent of the equity) Aurora announced that it had won acceptances from 50.67 per cent of the shares, and that the offer is now unconditional.

Acknowledging the inevitable, Osborn's Board said simply that with control now passing to Aurora, it "no longer expects to recommend rejection of the Aurora offer." When shareholders get the offer document, however, Osborn intends to outline its "reaction to the offer."

SLOUGH SELLS SUTTONS TO SWEDISH GROUP

Slough Estates has sold its interest in the Torbay-based garden seeds firm, Suttons Seeds, to the Swedish group W. Weibull AB.

Slough acquired Sutton in 1975 as a means of taking over its 43-acre site at Reading when Sutton was considering transferring its trial seed grounds to Torbay. It was envisaged at the time of the purchase that the seeds business would eventually be sold. W. Weibull is one of the leading seed companies in Sweden with an international reputation for quality seeds and plant breeding.

DAVID OLNEY QUITS BENLOX

Mr. David W. Olney, who until February this year was chairman of Benlox Holdings, has resigned as a director of the company and all its subsidiaries to devote more time to his private business interests. He has also disposed of his 25 per cent shareholding in the company.

As part of the further reorganisation of the group, it has been decided that the company will not proceed with taking an interest in the partnership in the United Arab Emirates, which was called Benlox (Gulf) Contracting and Trading Company.

It is also announced that a settlement of the litigation has been reached with the vendors of the W and W group and that the business of Merrow Associates has now been sold by the receiver as a going concern and at a price satisfactory to the group's bankers.

NEB buys more Boveri

The State-owned National Enterprise Board has recently purchased some shares in Brown Boveri Kent but does not plan to raise its holding in the group—controlled by Brown Boveri of Switzerland—to more than 20 per cent.

The NEB's stake in BBK, a manufacturer of process equipment and instruments, has until lately been 17.6 per cent. An increase in this stake to 20 per cent. would allow the State body to include an appropriate proportion of BBK's profits in its own accounts. It would also be in line with the NEB's desire that the equity holdings it has in other companies should, if possible, be of not less than 20 per cent.

A spokesman for the NEB said last night: "We began buying very recently with a view to going not above 20 per cent. where we can consolidate; this was done with BBK's knowledge." He could not say exactly what number of shares had so far been bought. At last night's price of 53p xd for BBK—a 1978 peak and up 2½p on the day—the cost of purchasing the 2.4 per cent needed to raise the NEB's holding to 20 per cent would not be much above £1m.

Mr. John Lutyens, chief executive of BBK, in which Brown Boveri of Switzerland holds 54! per cent, said that the NEB had told them of its intention to buy more shares, though not raising its holding above 20 per cent. "We have taken note of this," he added.

The NEB's recently acquired shares were bought through the market, an unusual, though not unprecedented, procedure for the NEB, which picked up some BBK shares by market purchases at the time of the rights issue in 1976. BBK, which recently announced much increased pre-tax profits of £6.3m for 1977, against £3m in the preceding nine months, is now making a further rights issue to raise £3.8m; both Brown Boveri and the NEB will take up the shares offered to them.

TEA INTERESTS TAKE 27% STAKE IN CROSBY HOUSE

Strategic share stakes in Crosby House, the loss making freight forwarding group which is suing Thomas Cook, have changed hands once again and further management changes will probably result.

Yesterday Mr. J. R. M. Keatley, who has been chairman and chief executive for the past six weeks since a boardroom row resulted in the resignation of the previous chairman, Mr. M. J. Walsh, has sold his 10 per cent stake to a private Jersey-based investment company which has sizeable tea interests. Crosby used to be a tea company and its main asset still is £1m in compensation coming through over the next three years from Sri Lanka following nationalisation.

The purchaser is International Investment Trust, whose directors, Mr. Nigel Newby and Mr. Richard Robinow, have strong business connections with the tea plantation business. It transpires that IIT had acquired a stake of some 12.1 per cent in Crosby over the past few months and associates of IIT also held 5.4 per cent. With the purchase of Mr. Keatley's stake—which he acquired in 1975—IIT now holds 27 per cent.

Yesterday Mr. Keatley explained that Crosby was badly in need of a permanent chief executive and that he was unable to give it the time required. Crosby also needed better financial control which he hoped would result from the appointments of the two IIT directors to the Board. Mr. Keatley retains a 1.9 per cent stake and will stay on as chairman for the time being.

He hoped that IIT would establish trading links with Crosby. One important possibility was using the 110,000 sq ft Crosby warehouse in Liverpool for storing tea.

In the meantime "taking everything into account," Mr. Keatley said, "I hope that Crosby will show a profit in 1978."

Mr. Keatley added that the container storage and repair business was going well and that the losses on the freight forwarding side were being covered by the temporary employment subsidy. Further advantages had already come from tightening up on management expenses and the remaining loss-making divisions were being reorganised.

As far as he knew IIT did not intend to make a bid for the rest of Crosby. Besides IIT there was one other major shareholder, M and G Recovery Fund, with a 12½ per cent stake. He believed that M and G wanted to retain the holding.

BROCKHOUSE STAKE IN W. G. ALLEN

W. G. Allen and Sons (Tipton) has been notified that Brockhouse has acquired 475,000 ordinary shares representing 14.18 per cent of the capital.

The directors of Brockhouse have informed Allen that these shares have been acquired as a long-term trade investment.

MINING NEWS

Clouds linger over Selection Trust

BY PAUL CHEESERIGHT

THE IMMEDIATE prospects for Selection Trust earnings are cloudy, Mr. Chester Beatty, the retiring chairman, yesterday made clear in his annual statement.

We will find it difficult to maintain the rather exceptional performance of the previous nine months," he said.

Net profits in the nine months to December were £9.6m compared with £10.48m in the year to March 1977. The group is changing its financial year end.

On the gloomy side, revenue from the craneship Thor will be lower under new arrangements with Heerema, and receipts from the Mount Newman iron ore operation in Western Australia will be affected by the international steel recession. Low metal prices could damage results from both the South Bay base metals mine in Canada and the Spargoville nickel mine in Australia.

More cheerfully, there will be a full year's revenue from the Kleeman companies in the U.K. A successful offer for the group was made last November.

The industrial interests like Kleeman provide Selection Trust with a source of revenue at a time of low metal prices. The poor demand for some base metals has led to a postponement of plans to bring the Teutonic Bore deposit in Western Australia to production.

But Mr. Beatty made it plain that the group sees its future as being in mining. Thus exploration has continued in the lean years on an undiminished scale. "We have no intention of being diverted from this strategy for we know that present metal prices may have little relevance to a find which will take several years to turn into a producing mine," he said.

And he did his best to lay to rest suggestions that the group should sell its 8.3 per cent holding in Amax, the diversified U.S. group. "We regard our investment as of great importance in the future," he stated. Selection Trust shares were 398p yesterday.

ROUND-UP

The Sydney Stock Exchange yesterday suspended dealings in Leonora Nickel, one of the exploration companies born in the boom of 1960. An inspector is to investigate the company's affairs. This is linked to another examination into the affairs of Laverton Nickel, a Leonora associate.

* * *

Shipments of metallurgical coal from Kaiser Resources, the Canadian coal producer, to markets other than Japan will increase this year, Mr. Edgar Kaiser, the president, told the annual meeting. Kaiser has long-term contracts with, among other countries, Korea and Brazil, where the steel industry is expanding. Thermal coal business is also increasing, he said.

* * *

The European Commission is calling for tenders from U.K. companies and research bodies wanting to take part in a raw materials research programme aimed at fostering exploration and the development of mining technology. Contracts will be partly funded by the EEC, which has budgeted about £12m. for a four-year programme.

BRENDA PROFITS HOLD STEADY

Record production levels at Brenda Mines, the Noranda controlled copper and molybdenum producer in British Columbia, have led to a 1978 first quarter profit of C$2.6m (£1.27m) compared with C$2.2m in the same period of 1977. John Soganich writes from Toronto.

The company was also helped by an increase in molybdenum prices. Gross revenue at C$15.8m was slightly higher, aided by a gain caused by movements in the exchange rate.

By contrast, Bethlehem Copper, another British Columbia producer, only just managed to keep its head above water with net income in the first quarter at C$376,000 (£183,900) compared with C$27,000 in the first three months of 1977.

Copper shipments at 8m lb were less than half that in the same period of 1977, reflecting the general depression in the industry. But Bethlehem is constructing a molybdenum circuit and this should be working by the beginning of August. Contracts for the sale of molybdenum production have already been made.

PAYMENT LIFTED AT IMPALA

Impala Platinum, the second of the two major South African producers, yesterday declared a quarterly dividend of 20 cents (12.6p) making a total for 1977-78 of 80 cents, or 10 cents more than the total payments in both 1976-77 and 1975-76.

The increased total was foreshadowed in February by Mr. Ian Greig, the chairman, when he commented on the greater strength of the market. The company is 46.8 per cent owned by Union Corporation, but the main investment vehicle for Impala is Bishopsgate Platinum, which owns 21.6 per cent. Its shares closed in London yesterday at 79p.

Bishopsgate itself announced a third quarter dividend of two cents, the same as in the 1976-77 year.

Jas. Fisher confident

In his annual statement Mr. W. Eccles, the chairman of James Fisher and Sons, says that the shipping industry is so dependent on economic and political factors and in the midst of a world trade recession and with no sign of any upturn on the shipping front, it is difficult to predict future trends in the activities in which the group is engaged and thus there is little basis for optimism.

Such, however, is the pattern of group activities, with much of its fleet engaged in long term business, and the wide spread of shipping services it provides at the ports where it is based that, given no worsening of conditions, "we can face the future with reasonable confidence."

As reported on April 14, pre-tax profits rose from £1.08m. to £1.36m. in 1977 on turnover of £8.96m against £8.14m. At the year end there was a decrease in net liquid resources of £1.16m.

Prudential reshapes management control

BY ERIC SHORT

Prudential Assurance Company, the largest life company in the U.K., is proposing to make changes in its management structure with the objective of separating the responsibilities for management of the overall group from those of running its individual companies.

This move, foreshadowed in the chairman's statement for 1976, would involve the formation of an holding company — Prudential Corporation—which would not be an insurance company itself, but act as the parent company for the insurance businesses. By this means co-ordinating of the activities of the various companies would be implemented more easily.

Shareholders will be asked later in the year to approve a scheme of arrangement under which they would exchange their shareholding in the group company for an equal number of shares in the Prudential Corporation. Their interests in the profits and dividends of the group would remain unaltered and they should not meet any adverse tax implications in the U.K.

The holding company will be technically freed of dividend restrictions but there is no plan at present to lift the dividend above the present limits. The present directors of the company would become directors of the Corporation and would retain overall responsibility for the affairs of the group, thereby maintaining continuity.

Prudential has, in recent years, expanded its insurance activities both in the U.K. and overseas and has made important changes in its structure. There is a growing trend overseas for U.K. life company operations to be through subsidiary companies rather than as branch operations.

New electronic parts company established

A new company, United Electronic Holdings, has been formed with substantial interests in the distribution of electronic components.

It will be the holding company for the business interests of Mr. Bennie Linden, which include the Intel Group of Companies and Edmundson Electric Components, a former subsidiary of the Charterhouse Group which has been acquired recently by Intel.

Mr. Linden will hold 38 per cent of the share capital, the Charterhouse Group 22 per cent and the balance by Charterhouse Development Capital, which has Charterhouse and leading pension funds and insurance companies as shareholders.

For the year ended March 31, 1978, the group made profits of around £0.5m. on a turnover of some £5m.

Chairman is Mr. Linden while Mr. John Hardy of Charterhouse and Mr. Dennis Wright of Intel have been appointed directors.

Drummond creditors to meet

Drummond Investors is calling a meeting later this week to seek the approval of creditors for a scheme of arrangement, the High Court has been told.

The company is resisting a compulsory winding up petition presented by Mr. and Mrs. Stanley Swift, of Weymouth, creditors for £1,990.

When the petition was last before the court on March 20, it was said there were eight supporting creditors with claims totalling £10,500.

Mr. Robert Reid, for the company, was granted an adjournment until June 12, when it is hoped the scheme would have the court's approval.

Madame Tussaud's peak £1.66m

Pre-tax profit of Madame Tussaud's, a subsidiary of S. Pearson and Son, expanded from £1.23m to a record £1.66m for 1977 on turnover up by £1.45m to £4.46m. At halfway profit was ahead from £320,000 to £549,000 and the directors said they were confident of another year of continued growth.

Basic earnings per 5p share are 3.7p (2.79p) after tax of £873,440 (£641,988).

There was an extraordinary debit for the year of £9,600 against £22,486 and the amount retained came out lower at £244,734 (£359,301).

NORTH AMERICAN NEWS

Mixed start for major U.S. retailers

BY STEWART FLEMING

NEW YORK, May 15.

NARROWING profit margins have again hit the profits of Sears Roebuck, the nation's largest retail stores group, at a time when its main rival J. C. Penney, can report another surge in profits in the first quarter of the year.

Sears, which is having to revise its marketing strategy because of poor results, this morning reported that net income for the first quarter of 1978 would be sligtly below last year's record level at $151m (47 cents a share) compared with $154m (48 cents a share).

The decline comes in spite of another strong earnings performance from its Allstate Insurance company, one of the nation's largest insurance groups, which has increased its contribution from 25 cents a share to 34 cents a share.

The group's net sales increased 12.9 per cent to just over $4bn in the quarter, but profit margins narrowed at the operating income level from 6.3 per cent. to 5.3 per cent. of sales. The company pointed out, however, that this represents a considerable improvement on the fourth quarter of 1977 when margins declined by 3 percentage points.

In contrast, J. C. Penney reported improved profit margins in announcing a 14.3 per cent rise in first quarter net. Earnings rose from $30m (46 cents a share) to $34m (52 cents a share), and sales revenues rose from $1.8bn to $2.2bn.

Commenting on the outlook for the rest of the year the company said it expected a continuation of excellent sales. Profit margins, however, are likely to be under increased pressure from competitive conditions.

Sears also is forecasting continued sales growth for the retailing industry of around 9 per cent. compared with the 10.5 per cent. rise last year.

It is anticipating further moderate growth in spending on consumer goods for the balance of the year.

The company is stepping up the pace of its expansion programme, having opened six new stores in the first quarter including four which replaced stores in the same markets with a net addition of 500,000 sq ft bringing total store space to 112.5m sq ft

Uranium cartel suit continues

WASHINGTON, May 15.

THE U.S. Supreme Court has refused to prevent a New Mexico court from proceeding with a $700m. damage suit brought by United Nuclear Corporation against General Atomic Corporation. A New Mexico state court ruled in March that United Nuclear should be released from contracts it entered into in 1973 and 1974 to deliver uranium to General Atomic. About 27m. lbs of uranium have not been delivered.

United Nuclear, which claimed injuries from General Atomic's alleged involvement in an international uranium cartel, asked for damages amounting to more than $700m., General Atomic said in its petition to the U.S. Supreme Court.

When it announced the decision in March, the New Mexico district court said that it would take up the question of damages next.

The Supreme court's refusal to hear General Atomic's appeal has cleared the way for these proceedings.

The Supreme Court left standing a ruling by a state court judge in New Mexico, who concluded that General Atomic had engaged in a "wilful and deliberate policy of concealing rather than in good faith revealing the true facts concerning the interantional uranium cartel in which Gulf Oil was involved—from and during 1972 and into 1975."

Agencies

Suitor for Corco as loss rises

BY DAVID LASCELLES

NEW YORK, May 15.

COASTAL States Gas, the Houston, Texas-based fuel and chemical company, confirmed today that it is taking a look at Commonwealth Oil (Corco), the refining company which filed for protection under Federal bankruptcy laws at the beginning of March.

Corco today announced disappointing figures for the first quarter, as had been widely expected. The net loss per share increased from 45 cent to 87 cents, after an extraordinary credit of $800,000 or 5 cents a share. The net loss more than doubled from $6.3m to $12.7m, on sales down from $260.8m to $197.7m.

Coastal said today: "As you know, we have a supply arrangement with Commonwealth, and we are studying and evaluating a possible closer relationship with the company. But—and this is the important part—we have not made any offer to Commonwealth."

Coastal thus joins the long list of companies who are examining Corco including an Arab-controlled holding company, First Arabian Corporation. Though the seriousness of this suitor has been questioned.

Other entities currently showing a strong interest are led by Charter, the Florida-based oil company, which is the only one so far to have come up with a firm offer. Charter proposes to settle Corco's $400m. worth of debts partly through cash, and partly through an issue of securities by the new merged company.

However, Charter, which is approximately the same size as Corco, may not turn out to be in as strong a position as another possible contender, Tenneco. This major Houston-based diversified concern has revenues several times those of either Charter or Coastal States, and it would be better placed to provide a major injection of capital.

Tenneco confirmed today that it had been talking to Corco, but it also stressed "We has not started negotiations."

Corco has been in financial difficulties for several years, partly because of special fees imposed by the Government of Puerto Rico where it has its main refinery. However in February its position was worsened when fire swept through this refinery, causing several million dollars' worth of damage.

Canadian drop for Petrofina

By Our Own Correspondent

MONTREAL, May 15.

PETOFINA CANADA blames continuing refinery overcapacity and tight margins, plus a softening in world-wide demand for petrochemicals, for a sharp fall in first-quarter profits. Earnings were C$5.1m or 51 cents a share against C$8.5m or 85 cents on gross revenues of C$153m, up 15 per cent fro ma year earlier.

Molson increases offer

BY ROBERT GIBBENS

MONTREAL, May 15.

MOLSON, the major Canadian brewing and industrial and construction materials group, has raised its bid for the American speciality chemicals company Diversey of Chicago, from U.S.$28 per share to U.S.$30 per share.

The cash bid is conditional on the Diversey Board recommending the terms to shareholders. The offer will be made formally on May 19. However, Mr. Herbert W. Kochs and Mr. E. George Hunt, chairman and president of Diversey, have agreed to tender their own holdings under the new offer. Together, they have about 10 per cent of the stock.

Molson already owns about 11 per cent of the Diversey shares after buying several blocks in the market over the last six months.

American Stores well ahead

WILMINGTON, May 15.

REPORTING a 47 per cent rise in fourth quarter net profit to $9.7m American Stores, the major food chain whose store names include Acme and Alpha Beta, comes in with a net per share of $1.82 for the period against $1.24 for the same period of last year. This was on sales up 11 per cent at $975m.

Agencies

Carrier upsurge

With Inmont Corporation providing a boost, Carrier Corporation the cooling and heating equipment maker reports second quarter net profit over 90 per cent higher at $29m to give a fully diluted share net of 85 cents against 60 cents for the same period of last year. Sales rose 72 per cent in the quarter to $583m, Reuter reports from New York. For the six months this gives the company a 92 per cent net profit rise with per share coming out at $1.23 against 83 cents on sales 60 per cent up at $945m. Carrier acquired Inmont in December last year.

Superior Oil slips

A sharp rise in intangible drilling and development costs due to accelerated drilling programmes offshore and onshore Louisiana cut sharply into first quarter net profit at Superior Oil which reports $8.33m or $2.07 a share against the $21.9m or $5.49 a share for the first period of last year, Agencies report from Houston. Revenues were also lower at $128m against $151m.

Iowa beef rise

Iowa Beef Processors, the meat packing concern, reports net profits 43 per cent ahead in its 13 week period to give $2.55 a share against the $1.82 for the same period of last year. This was on sales ahead some 40 per cent at $689m, agencies report from Dakota City. For the 26 weeks this brings the company to $19m or $3.97m against $3.05m on sales ahead from $1.04bn to $1.24bn.

Swedish take-over bid for Dymo Inds

NEW YORK, May 15.

ESSELTE, the major Swedish office equipment, printing and packaging company, through its indirect wholly-owned subsidiary Oxford Pendaflex Development Corporation is making a cash tender offer to purchase all the outstanding common stock of Dymo Industries, the San Francisco based visual systems maker at $24 net per share.

The purchaser is wholly owned by Esselte's U.S. subsidiary Oxford Pendaflex Corporation.

Esselte moved into the U.S. via the acquisition of Oxford Pendaflex a little over two years ago. At about the same time, the company purchased its U.K. subsidiary, Pembroke Packaging.

Last February, following a strong third quarter performance, Esselte confirmed that its sales and earnings for the year ended March 1978 were "well on target" for growth of 11 per cent. The overseas operations were said to be developing more strongly than those in Sweden.

In 1976-77 the company increased earnings by a full 68 per cent. to Kr 143m ($30.5m) on sales some two-fifths higher at Kr 2.16bn.

On receipt of the offer, Dymo said it had requested the New York Stock Exchange to halt trading in its stock pending a directors meeting tomorrow, when Dymo will review the offer. The company will make a statement after the meeting.

The offer is due to expire on May 25, but it is not conditional on a minimum number of shares being tendered.

Morgan Stanley is to act for Esselte in the offer.

Agencies

Lippincott terms changed

NEW YORK, May 15.

THE TERMS of the merger agreement between Harper and Row and U. B. Lippincott have been revised. The move is the result of larger-than-expected operating losses in the year and first quarter by Lippincott.

The revised terms give Lippincott shareholders the choice of receiving either 0.885 of a share of Harper and Row for each Lippincott share, or $13.50 in cash per share. The previously announced terms called for one share of Harper and Row common or $15.25 cash for each Lippincott share in a transaction that was valued at $18.7m. The other terms remain unchanged.

The change in the terms was not unexpected. Earlier this month, the Philadelphia-based Lippincott said that representatives of the tow book publishing companies were to meet to determine whether Harper and Row, of New York, should reduce the terms of the merger agreement in view of a substantially larger los by Lippincott in the first quarter.

Agencies

Petro-Lewis to acquire Shenandoah

FORT WORTH, May 15.

PETRO-LEWIS Corporation is to acquire all the assets of Shenandoah Oil Corporation at a price of over $320m. This amount will be sufficient to provide a net cash payment of $42.25 for each of the 3.2m shares outstanding of Shenandoah Oil.

In a separate transaction, Petro-Lewis has completed the purchase of all the assets of Imperial-American Energy at a price that provided a liquidation distribution of $21 a share to Imperial-American holders.

Petro-Lewis today reported net operating profits for the third quarter of $1.45m or 52 cents a share compared with $1.09m or 40 cents a share, on revenues up from $5.22m. to $8.41m. After an extraordinary debit of $190,000, the net operating profit came out at $1.26m or 46 cents.

Agencies

Bertea agrees bid

Holders of some 74 per cent of the outstanding stock in Bertea Corporation have said that they will accept an offer from Parker-Hannifin Corporation of 0.53 of a share in Parker for each Bertea share, AP-DJ reports from Irvine.

Kennecott delay

The annual meeting of Kennecott Copper Corporation, postponed until this morning to allow time for the counting of votes in the company's proxy contest with Curtiss-Wright Corporation, has been further postponed until May 30 as the count has not yet been completed, Reuter reports from New York.

EUROBONDS

$25m. for Mexico's agricultural bank

BY MARY CAMPBELL

WITH the European continent closed for the Whit Monday holiday, trading activity in the Eurobond market was thin. London dealers said that if anything the dollar sector tended to weaken.

The only new issue announcement was a 7m Kuwaiti dinar ($25m) offering for Mexico's national agricultural bank—the Banco Nacional de Credito Rural. The issue, the first ever bond lanched by this borrower, will pay interest at 8¾ per cent for a 12 year final maturity. The indicated issue price is par. Lead managers are Kuwait Foreign Trading Contracting and Investment Company and Merrill Lynch International.

In contrast to the practice in the Eurobond market, the terms are not formally indicated by the managers of issues on the New York bond market. However, if current market conditions were to persist until the pricing dates for the large number of yankee bonds which were filed last week with the Securities and Exchange Commission, secondary market yield on outstanding issues would suggest the following approximate yield levels (pricing rates are in brackets): Sweden's $125m 20 year issue—9.20-9.25 (May 23); Australia's $150m five year issue—8.40; Australia's $100m. 15 year issue—slightly under nine (May 25); the French CCCE's $75m 20 year issue—slightly over nine per cent (early June); Ito Yokado's $20m five year notes—nine per cent; Ito Yokado's $50m convertibles—six per cent (mid-June); The latter Ito Yokado bonds will be convertible immediately after issue.

● The statement in Monday's Financial Times that the Association of International Bond Dealers (CAIBD) was drawing up a code of conduct on procedures relating to the Eurobond new issue business, and that an announcement to this effect had been made by the AIBD's chairman, Mr. S. Yassukovich, was incorrect: the code of conduct in question relates solely to the Eurobond secondary market.

MID-DAY EURODOLLAR BOND PRICE INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8¾pc 1989	96½	97½
AMEV 8pc 1987	96½	97½
Australia 8¾pc 1992	93¾	94¼
Australian M. & S. 9½pc '92	97	97½
Barclays Bank 8¾pc 1992	96¼	97½
Bowater 9½pc 1992	97½	98½
Can. N. Railway 8¾pc 1986	97	97½
Credit National 8¾pc 1986	97½	98
Denmark 8¾pc 1984	100	100½
ECS 9pc 1993	96½	99½
ECS 8¾pc 1997	95½	96½
EIB 8¾pc 1992	95½	99½
EMI 9½pc 1989	98	98½
Ericsson 8¾pc 1989	96½	97
Esso 8pc 1986 Nov	101½	102
Gt. Lakes Paper 8¾pc 1984	98	98½
Hamersley 9½pc 1992	99½	100½
Hydro Quebec 9pc 1992	95½	96½
ICI 8¾pc 1987	97	98
ISE Canada 9¼pc 1986	104½	105
Macmillan Bloedel 9pc 1992	95½	96½
Massey Ferguson 9¼pc '91	96½	97½
Michelin 9¾pc 1988	102	102½
Midland Int. Fin. 8¾pc '92	97½	98½
National Coal Bd. 8pc 1987	94½	95½
National Wstmnstr. 9pc '86	101	101½
Newfoundland 9pc 1989	99	99½
Nordic Inv. Bk. 8¾pc 1988	98½	99½
Norges Kom. Bk. 8¾pc 1992	97½	98½
Norpipe 8¾pc 1989	96½	97½
Norsk Hydro 8¾pc 1992	98	98½
Oslo 9pc 1988	100½	101
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1995	95½	96
Prov. Saskatch. 8¾pc 1986	99	99½
Reed International 9pc 1987	93	95
RHM 9pc 1992	93	93½
Selection Trust 8¾pc 1989	91	92
Skand. Enskilda 9pc 1991	99½	100½
SKF 8pc 1987	93½	94
Sweden (K'dom) 8¾pc 1987	96½	97
United Biscuits 9pc 1989	98½	99½
Volvo 8pc 1987 March	93	93½
NOTES		
Australia 7½pc 1984	95½	96
Bell Canada 7¾pc 1987	94½	95½
Br. Columbia Hyd. 7¾pc '85	93½	94½
Can. Pac. 8¾pc 1984	98½	99½
Dow Chemical 8pc 1986	98	98½
ECS 7¾pc 1982	96½	97
ECS 8¾pc 1989	93½	96
EEC 7¾pc 1982	96½	97
EEC 7¾pc 1984	93½	96½
Enso Gutzeit 8¾pc 1984	96½	97½
Gotaverken 7¾pc 1982	97½	98
Kockums 8pc 1983	97½	98
Michelin 8¾pc 1983	99½	100
Montreal Urban 8¾pc 1981	100	100½
New Brunswick 8pc 1984	97	97½
New Bruns. Prov. 8¾pc '83	99½	100½
New Zealand 8¾pc 1986	98	99½
Nordic Inv. Bk. 7¾pc 1984	96½	97
Norsk Hydro 7¾pc 1982	97½	98
Norway 7¾pc 1982	96½	97
Ontario Hydro 8pc 1987	95	95½
Singer 8¾pc 1982	100½	101
S. of Scot. Elec. 8¾pc 1981	99½	100½
Sweden (K'dom) 7¾pc 1982	97	97½
Swedish State Co. 7¾pc '82	97½	98
Telmex 9¾pc 1984	99½	100
Tenneco 7¾pc 1987 May	93½	94
Volkswagen 7¾pc 1987	94½	95½
STERLING BONDS		
Allied Breweries 10¾pc '90	89½	90½
Citicorp 10pc 1993	90½	91
Courtaulds 9¾pc 1989	89½	90½
ECS 9¾pc 1989	93½	94½
EIB 9¾pc 1988	93½	94½
EIB 9¾pc 1992	93½	94½
Finance for Ind. 9¾pc 1987	90½	91½
Finance for Ind. 10pc 1989	91	92
Fisons 10¾pc 1987	94	95
Gestetner 11pc 1989	93½	94½
INA 10pc 1988	89½	90½
Rowntree 10¾pc 1988	89½	90½
Sears 10¾pc 1988	89½	90½
Total Oil 9¾pc 1984	93	94
DM BONDS		
Asian Dev. Bank 5¾pc 1988	96½	97½
BNDE 6¾pc 1986	96½	97½
Canada 4¾pc 1983	98	98½
Den Norske Id. Bk. 6pc '90	98	98½
Deutsche Bank 4¾pc 1983	97½	98½
ECS 5¾pc 1990	95½	96½
EIB 5¾pc 1990	95½	96½
Elf Aquitaine 5¾pc 1988	95½	96
Euratom 5¾pc 1987	98½	99½
Finland 5¾pc 1986	96	96½
Forsmarks 5¾pc 1990	96	96½
Mexico 6pc 1985	96½	96
Norcem 5¾pc 1989	98½	100½
Norway 4¾pc 1983	99½	100½
Norway 4¾pc 1983	97½	95½
PK Banken 5¾pc 1988	95½	95½
Prov. Quebec 6pc 1990	96½	97½
Rautaruukki 5¾pc 1986	96	97
Spain 6pc 1988	95	95½
Trondheim 5¾pc 1988	97½	98½
TVO Power Co. 6pc 1988	97½	98
Venezuela 6pc 1988	97½	99
World Bank 5¾pc 1988	98	98½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16pc	99½	100½
BFCE 1984 8¾pc	99½	100½
BNP 1983 9 1/16pc	100½	101½
CCF 1983 9pc	100	100½
CGMF 1984 7¾pc	99½	99½
Creditanstalt 1984 7¾pc	99½	100½
Credit Lyonnais 1982 9pc	100	100½
DG Bank 1982 7 15/16pc	100½	100½
GZB 1981 8 1/16pc	100½	101
Intl. Westminster 1984 8pc	99½	100½
Lloyds 1983 7¾pc	100½	100½
LTCB 1983 8pc	99½	100½
Midland 1982 9pc	101	101½
Midland 1987 7 11/16pc	99½	100
OKB 1983 7¾pc	100	100½
SNCF 1985 8¾pc	99½	99½
Std. and Chtrd. '84 7 11/16pc	99½	100½
Wms. and Glyn's '84 8 1/16pc	99½	100½

Source: White Weld Securities.

INTL. FINANCIAL AND COMPANY NEWS

WESTLAND-UTRECHT

Expanding in Europe

BY CHARLES BATCHELOR, IN AMSTERDAM

WESTLAND-Utrecht Hypotheekbank hopes one day to be in a position to help the prosperous German businessman build his Rhine-side villa as well as underpin the efforts of City of London stockbrokers purchase property in Surrey.

As Holland's largest independent mortgage bank the WUH is pragmatic enough to own that this type of cross-frontier individual mortgage operation is still a long way off. But the bank is pressing ahead with a wide-ranging plan to expend its business, and its proposals are proving remarkably imaginative.

WUH has recently commissioned studies by consultants of the European property market and of the legal frameworks behind it in different countries. And it recently changed its statutes to allow it to operate in the rest of the EEC and Switzerland. Despite the potential market of first-time house purchasers—just over 40 per cent. of homes are owner-occupied in Holland compared with more than half in the U.K.—Holland it seems is becoming too small for Westland-Utrecht.

The bank took nearly 8 per cent of the Fls 42bn ($19bn). market for new mortgages in 1977 and is the largest specialised mortgage bank in the country. But compared with the mortgage bank division of the Rabobank—the former farmer's co-operative—WUH's operations are modest. Rabobank's mortgage bank subsidiary has about one-third of the market. The other commercial banks such as Algemene Bank Nederland and Amsterdam-Rotterdam Bank also have sizeable mortgage bank subsidiaries.

WUH' mortgage portfolio rose a net Fls 2.52bn in 1977 to Fls 8bn having practically doubled in two years. Mortgages granted to owner-occupiers accounted for Fls 2.28bn or 70 per cent. of the gross volume of new mortgages of Fls 3.2bn. Business broke all records last year and net profits rose 52 per cent to Fls 46.4 trillion (million million).

WUH sees the bulk of its limitations occuring on the borrowing side of its operations. It depends on the Dutch capital market to place mortgage bonds and raise private loans. Despite the present liquidity of the market: WUH wants to tap financial markets outside Holland. The bank's small margins mean it cannot run any foreign exchange risk so it must finance foreign projects locally or on the Eurocurrency market. To finance its present modest operations in Belgium, West Germany, France and Switzerland it has borrowed local currency from Dutch banks.

Pressing ahead with a wide ranging plan to expand business, the bank has recently commissioned studies by consultants of the European property market together with its legal frameworks

WUH sees the Dutch mortgage banks as having an advantage over their foreign counterparts in the flexible system of house financing which has developed in Holland. Dutch house buyers need turn to only one institution to raise a mortgage, unlike the complicated procedure in Germany, while they can offer a wider range of services than U.K. building societies. The commercial basis in Holland means Dutch mortgage banks compete keenly on the rate of interest they charge and they give up to 125 per cent mortgages.

Unlike the universal banks in Holland, the mortgage banks are self-regulating. They were not directly affected by last year's central bank curbs on lending, although they did agree to follow the general guidelines laid down for other banks. Under a bill now before parliament, however, the mortgage banks will come under the direct jurisdiction of the central bank. WUH is philosophical about this and says it will enhance the security it can offer. It will also mean the mortgage banks are freer to extend their range of banking services.

The central bank's controversial credit regulations have been good news for the mortgage banks and for the mortgage divisions of the commercial banks. The central bank has limited credit expansion funded by short-term borrowing to 8 per cent in the year to next March.

WUH would like to extend its personal lending activity. It has already diversified into insurance and operates a life assurance company jointly with the American multinational ITT. This means it can sell life insurance alongside a mortgage and allows it to compete more effectively with life assurance companies which are now beginning to sell mortgages

Since insurance agents rather than WUH's 30 branches are the main source of mortgage business this is an important link. WUH also wants to expand into the savings account sector

Perhaps the bank's most promising diversification—and the one which it sees as the spring board for development into an international real estate bank—is project development. It has for some time been involved in housing and commercial property development in Holland and has more recently moved outside the country. The size of investment in this form of activity is limited to twice the value of equity capital, which at WUH is currently nearly Fls 350m. Mortgage lending is limited by restrictions on borrowing which can go as high as 25 times equity.

Real estate business gives WUH direct experience of property markets in the different countries. It is now engaged in a housing project in the Saarland area of Germany. The financing for this has been arranged by WUH giving a guarantee to a German bank which then lends to the builder.

State seen as major shareholder in Cockerill

By David Buchan

BRUSSELS, May 15.

BY THE early 1980s the Belgian state might become the majority shareholder in the country's biggest steel company, Cockerill, and could hold about one third of the equity in the next three largest steel concerns.

Economies affairs minister Willy Claes has told union leaders that this might be the outcome of a debt relief plan for the steel industry, which the government will formally propose to employers and unions next Saturday. The government would offer to take shares in payment of the interest on public loans to the steel sector.

According to one estimate, this might save the industry some BFr 7bn ($210m) a year in interest repayments. It is not clear whether this figure also makes provision for the big private shareholders—mainly Belgium's big three industrial holding companies—taking the same action as the state to relieve some of the debt burden on the steel companies. M. Claes is urging the holding companies to increase their equity stake in steel, pointing out that in this way they can match state participation.

Losses of the Belgian steel industry are now enormous, with Cockerill alone recording a BFr 7.2bn loss last year. The steel union leaders, who saw M. Claes and Prime Minister Tindemans at the end of last week, are worried about government estimates that some 7,000-9,000 jobs may have to go in the next three years, as obsolete plant is shut down.

According to press reports, banks will also be asked to increase their lines of credit to steel companies by 20 per cent, and to cut the interest they charge by 2 per cent.

Commerzbank convertible has 4½% coupon

By Jeffrey Brown

TERMS of the convertible bond to be issued by Commerzbank by way of rights include a coupon of 4½ per cent and a maturity extending to 5½ years.

Pricing will be undertaken closer to the date of issue and the bonds—which will be allocated to shareholders on a one-for-three basis—will carry the right to a subscription of four new shares for each bond held.

Balance sheet considerations apart, the choice of a convertible funding by Commerzbank, which is the third largest of Germany's joint stock banks, is clearly fortuitous. The domestic market in conventional bonds shows no signs of recovering with the longer term (12 years) tranche of the DM 1.5bn. offering from the Government still not fully placed nearly six weeks after its issue.

The temporary ban on new issue activity in the market for foreign denominated DM bonds is an indication of the Bundesbank's concern. But with the dollar continuing to recover in foreign exchange markets there is little that the authorities can achieve short of putting an end to market uncertainty over the future short-term trend of interest rates.

The rapid decline in long term yields earlier this year was to some extent artificially fuelled by the weakness of the dollar and the scramble by investors for DM assets at almost any price. The subsequent reversal of currency pressures could conceivably see the Federal Railways (Bundesbahn) return to coupons of 6 per cent for its forthcoming bond issue.

This issue was originally planned for later this month and was said to be in the region of DM 700m. The offering may be postponed until June.

Kymi Kymmene lifts sales 27%

By Lance Keyworth

HELSINKI, May 15.

KYMI KYMMENE'S net sales increased by 13 per cent to FM 1.32bn in 1977, while the consolidated turnover rose by 27 per cent to FM 2.09bn.

Despite the apparently good result relative to the depressed state of the Finnish economy, the company notes in its annual report that "the increase in total output and improvement in profitability for the parent company were only slightly better than in the previous year and therefore still unsatisfactory."

The company's net earnings after taxes and depreciations totalled only FM 370,000. Nevertheless it will pay a dividend of FM 4.5 per share.

The paper and board divisions worked at 83 per cent of capacity last year, the pulp division at 80 per cent, the sawmill division at 79 per cent and the chemical division at 80 per cent. The engineering division complained of lack of orders.

Kymi's foreign subsidiaries and associated companies on the other hand, operated at full capacity throughout 1977. These include Star Paper, UK, fully owned by Kymi, which increased its sales by 19 per cent to £35.?m and Nordland Papier GMBH, West Germany, 50 per cent owned by Kymi and one of the largest manufacturers of woodfree paper grades in Europe.

Kymi and Star Paper acquired a 70 per cent holding during the year in Papeteries Bouches SA, France, which has two paper Mills.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on May 15, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (num.) nominal; (exC) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	81.00
Albania	Lek	10.0116
Algeria	Dinar	7.353
Andorra	French Franc	8.51
	Spanish peseta	148.50
Angola	Kwanza	n.a.
Antigua (S)	E.Caribbean $	4.92
Argentina	Ar. Peso Free Rate	1,414
Australia (S)	Australian $	1.6145
Austria	Schilling	27.75
Azores	Portug. Escudo	83.05
Bahamas (S)	Ba. Dollar	1.8207
Bangladesh (S)	Taka	28.025
Bahrain (S)	Dinar	0.707
Balearic Is.	Spa. Peseta	148.50
Barbados (S)	Barbados $††	3.64
Belgium	B. Franc	(cm) 60.20
		(fn) 60.05
Belize	B $	3.64
Benin	C.F.A. Franc	425.5
Bermuda (S)	Bda. $	1.8207
Bhutan	Indian Rupee	15.6739
Bolivia	Bolivian Peso	36.40
Botswana (S)	Pula	1.5078
Brazil	Cruzeiro ‡‡	31.52
Br. Virgin Is. (S)	U.S. $	1.8207
Brunei (S)	Brunei $	4.2618
Bulgaria	Lev	1.8561
Burma	Kyat	12.552
Burundi	Burundi Franc	164.45
Cameroon Rp	C.F.A. Franc	425.5
Canada	Canadian $	2.0257¼
Canary Is.	Spanish Peseta	148.50
Cape Verde I.	Cape V. Escudo	n.a.
Cayman Is. (S)	Cay. I. $	1.5171¼
Cent. Af. Rp.	C.F.A. Franc	425.5
Chad	C.F.A. Franc	425.5
Chile	C. Peso	(Bk) 42.94
China	Renminbi Yuan	3.1564
Colombia	C. Peso	(F) 69.40
Comoro Is.	C.F.A. Franc	425.5
Congo (B'ville)	C.F.A. Franc	425.5
Costa Rica	Colon	15.658
Cuba	Cuban Peso	1.3866
Cyprus (S)	Cyprus £	0.7085
Czechoslovakia	Koruna	(com) 9.95
		(n c) 19.90
		(T) 16.89
Denmark	Danish Krone	10.45¼
Djibouti	Fr.	305
Dominica (S)	E. Caribbean $	4.92
Domin. Rep.	Dominican Peso	1.8207
Ecuador	Sucre	(O) 45.27
		(F) 47.52
Egypt	Egyptian £	(O) 0.734
		(T) 1.275
Ethiopia	Ethiopian Birr	(P) 3.7732
Eq'l Guinea	Peseta	148.50
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	10.45¼
Fiji Is.	Fiji $	1.594
Finland	Markka	7.76
France	French Franc	8.51
Fr. C'ty in Af*	C.F.A. Franc	425.5
Fr. Guiana	Local Franc	8.51
Fr. Pac. Is.	C.F.P. Franc	154.75
Gabon	C.F.A. Franc	425.5
Gambia (S)	Dalasi	4.008
Germany (East)	Ostmark	3.85¾

Place and Local Unit		Value of £ Sterling
Germany West	Deutschmark	3.85¾
Ghana (S)	Cedi	2.08 (sg)
Gibraltar (K)	Gibraltar £	1.00
Gilbert Is.	Aust. Dollar	1.6146
Greece	Drachma	68.421
Greenland	Danish Kroner	10.45¼
Grenada (S)	E. Caribbean $	4.92
Guadeloupe	Local Franc	8.51
Guam	U.S. $	1.8207
Guatemala	Quetzal	1.8207
Guinea Rep.	Sily	37.683
Guinea Bissau	Peso	82.187
Guyana (S)	Guyanese $	4.6428
Haiti	Gourde	9.10
Honduras Rep.	Lempira	3.6582
Hong Kong (S)	H.K.$	8.465
Hungary	Forint	(com) 72.66
		(T) (n c) 56.55
Iceland (S)	I. Krona	470.70
India (S)	Ind. Rupee	15.6759
Indonesia	Rupiah	755.59
Iran	Rial	(A) 128
Iraq	Iraq Dinar	0.5367
Irish Rep.	Irish £	1.00
Israel	Israel £	32.77
Italy	Lira	1,588¼
Ivory Coast	C.F.A. Franc	425.5
Jamaica (S)	Jamaica Dollar	2.4614
Japan	Yen	411¼
Jordan (S)	Jordan Dinar	0.565 (sg)
Kampuchea	Riel	215.5
Kenya (S)	Kenya Shilling	14.4250
Korea (Nth)	Won	1.6849 (‖)
Korea (Sth)	Won	888.76
Kuwait (S)	Kuwait Dinar	0.508
Laos	Kip Pot Pol	664.1
Lebanon	Lebanese £	5.3347
Lesotho	S. African Rand	1.5826
Liberia	Liberian $	1.8207
Libya	Libyan Dinar	(P) 0.539
Liechtenstein	Swiss Franc	3.62¼
Luxembourg	Lux Franc	60.05
Macao	Pataca	9.09
Madeira	Portug'se Escudo	83.05
Malagasy Rp.	MG Franc	425.5
Malawi (S)	Kwacha	1.5690
Malaysia (S)	Ringgit	4.3808
Maldive Is. (S)	Ma. Rupee	7.1553
Mali Rp.	Mali Franc	851.00
Malta (S)	Maltese £	0.73
Martinique	Local Franc	8.51
Mauritania	Ouguiya	84.38
Mauritius (S)	M. Rupee	11.518
Mexico	Mexican Peso	41.38
Miquelon	C.F.A. Franc	425.5
Monaco	French Franc	8.51
Mongolia	Tugrik	(O) 5.6444 (‖)
Montserrat	E. Caribbean $	4.92
Morocco	Dirham	7.75 (sg)
Mozambique	Moz. Escudo	60.248
Nauru Is.	Aust. Dollar	1.6146
Nepal	Nepalese Rupee	21.848
Netherlands	Guilder	4.12¼
Neth. Ant'les	Antillian Guild	3.259
New Hebrides	Franc	157.54
	Aust. Dollar	1.6146
N. Zealand (S)	N.Z. Dollar	1.8056
Nicaragua	Cordoba	12.78
Niger Rp.	C.F.A. Franc	425.5
Nigeria (S)	Naira	1.16118
Norway	Nrwg. Krone	9.94⅛
Oman Sultanate of (S)	Rial Omani	0.629
Pakistan	Pkst. Rupee	18.10
Panama	Balboa	1.8207
Papua N.G. (S)	Kina	1.3238

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	227.15
P'pl's D. Rp. of Yemen (S)	S. Yemen Dinar	(A) 0.6218
Peru	Sol	(A) 257.17
Philippines	Ph. peso	13.382
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.8056
Poland	Zloty	(Cm) 61.00
		(T) 61.00
Portugal	Port. Escudo	83.05
Port Timor	Timor Escudo	83.05
Principe Isle.	Port. Escudo	83.05
Puerto Rico	U.S. $	1.8207
Qatar (S)	Qatar Ryal	7.07
Reunion Ile de la	French Franc	8.51
Rhodesia	Rhodesian $	1.2627
Romania	Leu	(cm) 8.49
		(n c T) 22.79
Rwanda	Rwanda Franc	168.65
St. Christopher (S)	E. Caribbean $	4.92
St. Helena	St. Helena £	1.0
St. Lucia (S)	E. Caribbean $	4.92
St. Pierre	C.F.A. Franc	425.5
St. Vincent (S)	E. Caribbean $	4.92
Salvador El	Colon	4.55
Samoa (Am.)	U.S. $	1.8207
San Marino	Italian Lire	1,588¼
Sao Tome	Pgse. Escudo	83.05
Saudi Arabia	Ryal	6.29
Senegal	C.F.A. Franc	425.5
Seychelles	S. Rupee	13.33
Sierra Le'ne (S)	Leone	2.0
Singapore (S)	Singapore $	4.2618
Solomon Is. (S)	Solomon Is. $	1.6146
Somali Rep.	Som. Shilling	(A) 11.461
Sth. Africa (S)	Rand	1.5826
S.W. African Territories (S)	S. A. Rand	1.5826
Spain	Peseta	148.50
Span. Ports in North Africa	Peseta	148.50
Sri Lanka (S)	S.L. Rupee	28.825
Sudan Rp.	Sudan £	(A) 0.634
Surinam	S. Guilder	3.259
Swaziland (S)	Lilangeni	1.5826
Sweden	S. Krona	8.48
Switzerland	Swiss Franc	3.62¼
Syria	Syria £	(A) 7.1482
Taiwan	New Taiwan	(P) 68.187
Tanzania (S)	Tan. Shilling	14.429
Thailand	Baht	37.028
Togo Rp.	C.F.A. Franc	425.5
Tonga Is. (S)	Pa'anga	1.5053
Trinidad (S)	Trin. & Tobago	4.370
Tunisia	Tunisian Dinar	0.758 (sg)
Turkey	Turkish Lira	45.75
Turks & Caicos	U.S. $	1.8207
Tuvalu	Australian $	1.6146
Uganda (S)	Ug. Shilling	14.15
United States	U.S. Dollar	1.8207
Uruguay	Uruguay Peso	(cm) 10.29
		(fn) 10.296
Utd. A'b Emirates	U.A.E. Dirham	7.07
U.S.S.R.	Rouble	1.27
Upper Volta	C.F.A. Franc	425.5
Vatican	Italian Lire	1,588¼
Venezuela	Bolivar	7.81
Vietnam (Nth)	Dong	(O) 4.4346 ‖
		(T) 4.1565 (‖)
Vietnam (Sth)	Piastre	5.3635
Virgin Is. U.S.	U.S. Dollar	1.8207
Western Samoa (S)	Samoan Tala	1.1086
Yemen	Ryal	8.34 (sg)
Yugoslavia	New Y Dinar	34.1637
Zaire Rp.	Zaire	1.496874
Zambia	Kwacha	1.5158

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
† Rupees per pound
‡ The Aucuiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs 5 to one unit of the new currency.
§ General rates of oil and iron exports 78.489.
‖ Based on cross rates against Russian rouble.
** Rate is the Transfer market (controlled).
†† Rate is now based on 2 Barbados $ to the dollar.
‡‡ Now one official rate

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Spanish electronics group fails with $22m. liabilities

BY DAVID GARDNER BARCELONA, May 15.

:YSSA (Enciavamientos y enales SA), the Barcelona-ased electronics company, has ad its submission of technical ankruptcy approved by the Barcelona courts. The application uoted liabilities of Pta 1.8bn $22.2m) against assets of 'ta 2.3bn.

The failure has caused consternation in Catalan business circles oth because EYSSA was hitherto onsidered a dynamic enterprise. ble to compete successfully broad, and because of the esonance in Catalan and Spanish ndustry of the company's main hareholders.

EYSSA had won contracts, nainly for traffic control ystems, in the Soviet Union, 'oland and Switzerland. It also as subsidiaries in Italy, 'ortugal, Mexico and Puerto tico. Technologically far in dvance of its Spanish competitors — a characteristic which ould cause serious problems 'hen the company reaches the iquidation stage — its main lients in Spain are the town alls and municipalities, the tate-owned railways RENFE, he Social Security (it supplies lectro-medical equipment to ome 140 Spanish hospitals), and rivate and State-owned utilities. n 1972, EYSSA was named nodel company of the year by he then Spanish administration.

It was founded in 1948 by a ormer public works engineer in Barcelona's town hall, but the nan most closely linked to the ompany's development has been ir. Carlos Ferrer Salat, president f the CEOE, the Spanish CBI. ir. Ferrer was in the news last month for his controversial tatement, made in New York, alling for US and European ollaboration to secure the future of a free market economy in Spain, in the face of a Government Bill designed to formalise trade union freedom.

Following the remodelling of EYSSA's equity in 1976, Sr. Ferrer now holds 16 per cent of the company's shares; Sr. Enrique Masso, former mayor of Barcelona and managing director of the electronics firm CECSA, 33 per cent; Sr. Pedro Duran of the Corporacion Industrial de Catalunya and president of Catalana de Gas, 13 per cent; and the Industrial Banks of Bilbao and Catalunya, some 14 per cent each. These two banks are owned Pta 1bn by EYSSA.

Not six months ago, Sr. Duran expressed his belief that EYSSA provided a platform for national expansion in its specialities. On March 14, the company won legal sanction for a 50 per cent. reduction in staff to 300, which it considered the necessary sized work force for future progress.

Catalan employers have been prominent in the campaign against full trade union freedom in the factories, and for adequate legal provision for shedding excess labour. The failure of a company which was able to remodel its labour force, and in addition had the backing of substantial public contracts, is likely to fuel the controversy aroused by Sr. Ferrer's comments last month.

Banking sources attribute the firm's demise to a too rapid expansion on too slim a base, while trade union sources stress the company's "delusions of grandeur" in expecting an early return on a large medium-term outlay. EYSSA management is for the moment leaving the matter in the hands of the judicial authority.

Stevin sees profit rise

BY CHARLES BATCHELOR AMSTERDAM, May 15.

STEVIN Group, the Dutch dredging concern, plans to extend its range of services and its geographical spread of activities. The company would like to be involved in projects from the design through to the management stage instead of simply carrying out the contracting work, according to the annual report.

Increasing competition in the Middle East means Stevin will seek opportunities in North and South America. It expects a further increase in profit in 1978 following the 45 per cent rise to Fl31.3m. ($14m) last year. Turnover is expected to be little changed after the 5 per cent increase to F1.79bn ($800m) in 1977.

Orders in hand at the start of the current year were Fl2.2bn. The share of turnover abroad rose to 57.5 per cent from 55 per cent. Investments in 1978 will rise to between Fl160-180m from Fl63.5m last year. This will be largely due to the recently announced Fl200m order for a semi-submersible self-elevating cutter dredger placed with the Dutch yard Rijn-Schelde Verlome. This dredger, which can work at depths and in waves which were previously impossible, opens new prospects for deep-sea mining.

Stevin is continuing talks with the Dutch businessman, Mr. Pieter Heerema, who recently announced he had acquired a 42 per cent holding in the company. The talks are aimed at securing a written agreement that Stevin will be consulted if the shares are ever sold.

ANZ lifts earnings and interim dividend

By Our Own Correspondent

SYDNEY, May 15.

THE ANZ Banking Group has raised its interim dividend following a 22 per cent. increase in earnings, from A$21.8m. to A$26.6m (US$30m) in the March half-year.

A solid result was expected as the bank's wholly-owned finance company, Esanda, last week reported a 24 per cent gain to A$12.5m in profit for the March half.

The directors have raised the interim dividend from 8 cents a share to 9 cents. Last year, a final of 12 cents was paid, making a total for the year of 20 cents.

The ANZ's experience was similar to that of the Bank of New South Wales—the largest of the Australian trading banks—which last week reported a 22 per cent boost to A$33m in the March half.

However, another major trading bank, the National Bank of Australasia failed to match this pace, and increased group profit only 5.2 per cent to A$21.7m. in the March half. The main reason for the National's poorer performance, was a slowdown by its finance arm, Custom Credit, which earned 3.6 per cent more, at A$8.5m.

The ANZ reported a 13 per cent increase from its banking Bank of Australasia, failed to A$12.2m. This compared with a 23 per cent lift in the Bank of NSW's banking earnings to A$21.6m., and a 16.9 per cent from the National, at A$12.7m.

Profits from the ANZ's non-banking sources rose 31 per cent, from A$11.0m to A$14.4m. Banking income rose 163 per cent to A$231m.

Hongkong Land bid terms

By Anthony Rowley

HONG KONG, May 15.

HONG KONG LAND COMPANY and City Hotels have agreed the terms to be offered to holders of the 47.4 per cent of City Hotels that it does not already own.

Recommended terms are that HK$40 in cash, plus an interim dividend of HK$2.0 for 1978, will be paid for each share in City Hotels, subject to the enabling scheme of arrangement being approved. Shareholders will also receive the outstanding final dividend for 1977 of HK$1.40 from City Hotels.

Profits of City Hotels, whose holdings include the Mandarin hotels in Hong Kong and Manila and the Oriental Hotel in Bangkok, among others, have been ahead of budget in the first four months of this year.

AUSTRALIAN SECURITIES INDUSTRY

Plan for uniform rules

BY JAMES FORTH SYDNEY, May 15.

AUSTRALIAN Commonwealth and State Government Ministers have agreed to proposals which will result in a uniform national regulation of companies and the securities industry, along with reforms to many existing company takeover practices.

All amendments to the legislation once established would be implemented simultaneously in all states, under the plan. The Northern Territory has been invited to participate in the scheme on a limited basis, and to become a full member once it achieves statehood.

At present, company and securities industry legislation is a state responsibility with variations existing between the states. At least one state does not have a securities industry Act while in another state there have been no amendments to the companies act since 1960.

The scheme for uniform national legislation involves the establishment of a new regulatory Federal body, known as the National Companies and Securities Commission. It will have executive responsibility for the scheme, but will itself be subject to the control of a Ministerial council to be set up, comprising State ministers, and the Commonwealth Minister responsible. The council will have complete control over the operation of the legislation and its administration throughout Australia.

The NCSC will work largely through existing state and territory administrative bodies. The scheme is expected to start operating in 1979.

The ministers also decided that a large number of changes were necessary to existing legislation to tighten the controls over company takeovers. The last major amendments were made in 1971 and there has been a recent spate of takeover activity which has attracted strong criticism. The major complaint has been over "creeping" takeovers where control has been purchased, on and off the sharemarket, without formal offer, and with no comparable bid having been made to the remaining, minority shareholders, who have been left in a locked-in situation.

The major changes proposed include:

- Where no takeover offer is made a buyer must cease purchase for four months after reaching 20 per cent. of the capital, and is then limited to a maximum of an additional 5 per cent. in any four months period. Additional shares can be bought if the buyer unconditionally guarantees to purchase all shares offered in the sharemarket for a period of one month, at a published price at least equal to the highest paid in the preceding four months. This price can be raised or lowered from day to day so long as all offers to sell at the announced specified price are accepted.
- If an offer is made, the bidder can buy shares outside the takeover scheme, but once this right is exercised there can no longer be any minimum acceptance condition on the offer. If a higher price is offered outside the takeover offer, whether in cash or otherwise, the higher terms must be extended to holders accepting the offer.
- Tighter rules wil be introduced to cover profit forecasts and statements about the value of assets by target companies, offers to selected shareholders will be banned, and takeover offers will generally be restricted to a maximum period of six months.

The Ministers said that the changes proposed on takeovers should be made as soon as possible and in advance of the full scheme for national legislation and the NCSC.

Paribas stake in Sun Hung Kai

HONG KONG, May 15.

SUN HUNG Kai Securities and Cie Financiere de Paris et Des Pays-Bas (Paribas) have announced the reaching of an agreement for Paribas to acquire a significant minority stake in Sun Hung Kai, the leading Hong Kong broking company. The move was foreshadowed in the Financial Times last week.

Paribas will initially acquire about 23.43m. HK$1 nominal Sun Hung Kai shares, comprising 8.43m. to be bought through Hong Kong stock exchanges at HK$1.75 and 14.99m. shares to be issued by Sun Hung Kai at HK$1.85 a share.

The stock market purchases will commence when trading in Sun Hung Kai shares is resumed, and if sufficient shares are not offered at HK$1.75 within ten trading sessions, the shortfall will be made up by Sun Hung Kai chairman, Fung King Hey.

Sun Hung Kai's present issued capital is HK$187.29m, and the new share issue would bring it to HK$202.28m.

Acquisition by Paribas of 23.4m shares would give it an initial stake in Sun Hung Kai of 11.6 per cent at a cost of HK$42.5m (US$9.2m).

The agreement is conditional on Government and shareholder approvals being obtained before September 30.

The companies say that the move would give Sun Hung Kai better access to international capital markets through Paribas' banking network, while Paribas would benefit from improved market penetration through Sun Hung Kai's position in Asia and Hong Kong.

Paribas vice-chairman and president, Pierre Moussa, will join the Sun Hung Kai Board.

Sun Hung Kai shares were traded at HK$1.54 before their suspension on May 1.

Reuter

Guardian lifts Liberty holding

BY RICHARD STUART JOHANNESBURG, May 15.

GUARDIAN Royal Exchange's 66 per cent owned South African subsidiary—Guardian Assurance Holdings—is, for the second time this year, planning to buy another major block of shares in th e Liberty Life. Guardian has only just completed financing arrangements for the purchase of a R11.4m block of Liberty shares from the Manufacturers Life Insurance Company of Toronto. While this purchase took Guardian's interest in Liberty Life from 65 per cent to 77 per cent of the equity, it is now planning to buy another 400,000 shares, this time from Sun Life Assurance Company of Canada for an amount not exceeding R4m. This will take Guardian's stake in Liberty to 81 per cent, the balance being held by the public.

The first tranche from Manufacturers Life—was bought at 900 cents a share, while the Sun Life tranche is expected to cost near 1,000 cents a share. But with the Liberty shares strong in the market since the beginning of the year, this nevertheless represents a discount of more than 10 per cent on the current 1,125-cent market price.

Financing for the first tranche has just been arranged in the form of R12m of 11 per cent irredeemable preference shares. When the issue was announced only four weeks ago, Guardian was contemplating a rate of 11½ per cent, but such is the demand for fixed interest stock at the moment, that Guardian obtained a rate of 11 per cent. The issue was twice oversubscribed.

High yen rate and slack home demand slow down Pioneer

BY YOKO SHIBATA TOKYO, May 15.

EARNINGS OF Pioneer Electronics have suffered considerably from the rapid appreciation of the yen. Interim results for the half-year ended last March show that Pioneer's non-consolidated sales rose to Y84.03bn, a disappointing growth rate of 7 per cent on the comparable period a year earlier. This reflected a slump in home demand.

Exports, accounting for 58 per cent of total sales, fared well, with brisk sales of car stereos in the US, but export profits were eroded by the yen's appreciation. The company said the yen's rise in the six-month period caused a Y6bn exchange loss. The company has accordingly raised export prices by 15 per cent and tried to cut costs as much as possible.

Recurring profits totalled Y9.31bn, up 8 per cent over a year earlier, but net profits declined by 8.4 per cent to Y4.69bn ($21.6m). Earnings per share on a non-consolidated basis were Y57.4 against Y62.5. In anticipation of sluggish demand, the company has curtailed its production.

On a consolidated basis, net profits declined by 13 per cent, to Y6.74bn on sales of Y104.7bn, up 2 per cent. Pioneer largely blamed the profits setback on its American and European sales. Profits per share on a consolidated basis declined to Y74.3 from Y95.8 a year earlier. On a quarterly basis, however, they started to recover from Y35.2 in the first October-December quarter to Y39.2 in the second.

Dai-Tokyo in US moves

BY OUR FINANCIAL STAFF

DAI-TOKYO Fire and Marine Insurance Company announced to-day that it has received permission from the Finance Ministry to acquire a 12 per cent interest in Drake Insurance Company, of New Jersey.

It will be the first Japanese non-life insurance company to take a stake in U.S. insurance companies.

Dai-Tokyo, in which Nomura Securities has a stake, and which is largely involved in automobile insurance, will invest $1.2m. in Drake and $1.01m. in Cranford.

The acquisitions will enable Dai-Tokyo to engage in insurance services throughout the U.S., the company said.

* * *

Tokyo Department Store announces a net profit for the year ended March 31 up from Y5.86bn to Y6.77bn ($30m), AP-DJ reports from Tokyo. Sales totalled Y221.14bn ($98.3m) compared with Y202.19bn a year ago. The company's forecast for the current fiscal year is a net of Y7.55bn, on sales of Y235bn.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Strong finish after initial setback

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 15.

AFTER SHOWING an easier bias on profit-taking for most of the session on Wall Street today, stocks resumed their advance near the close.

The Dow Jones Industrial Average finished 6.06 higher at a new 1978 peak of 846.76, after an initial reaction to 834.72, while the NYSE All Common Index ended 33 cents stronger at $55.18, also a fresh high for the year, after touching $54.72. Rises finally led declines by 803 to 671, while turnover was a substantial 33.90m shares although well below last Friday's very heavy 46.60m total.

Analysts said the closing gain was impressive in view of the further credit tightening widely expected on Wall Street to emanate from tomorrow's Federal Open Market Committee meeting. U.S. money supply rose about $4bn in the latest statement week.

However, Federal Chairman Miller said a relaxation of monetary policy may be possible in the third quarter because of recent actions by the Carter Administration to aid the U.S. dollar, and cut the Federal deficit.

Analysts added that the market continues to exhibit resiliency, refusing to back down in the face of normally adverse news about inflation and interest rates. They said this has investors nervous about whether to commit more cash or liquidate their positions and take profits.

Active American Telephone gained ⅞ to $62½, while IBM added 3⅞ at $266¼, Teledyne 2⅞ at $100½ and Bausch and Lomb 1⅞ at $51½.

Motor Manufacturers reported a 9.6 per cent rise in early May sales. Active General Mtors put

Sears Roebuck eased ¼ to $24⅞ on predicting a first-quarter earnings decline compared with the year-ago level. J. C. Penney slipped ⅛ to $39¼—it reported higher first-quarter results but expects more pressure on margins.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Polaroid	235,000	36⅞	+⅛
Rohr Industries	230,200	13⅞	−1
Sears Roebuck	229,900	24⅞	−¼
UAL	212,700	28⅞	+⅛
General Motors	195,300	63⅞	+⅛
Boeing	193,300	48⅞	−⅛
White Motor	189,300	10⅞	+⅛
Phillips Petroleum	188,300	35⅞	+⅛
Amer. Tel. & Tel.	179,100	62½	+⅞
Gulf States Utils.	175,000	13⅞	—

OTHER MARKETS

AUSTRALIA—Markets remained buoyant in active trading, with a fair number of stocks rising to new peaks for the year and the Sydney All Ordinary index gaining 2.92 to a fresh 1978 high of 487.21.

Favourable comments by London analysts sent BHP 6 cents forward to a new high for the year of A$6.68.

David Jones, among retailers, rose afresh to A$1.34 amid further take-over talk, but later came back to A$1.29, a cent harder on balance.

Banks were sought, helped by some recently-announced good half-yearly profit statements. ANZ gained 10 cents to A$3.05 on higher profits, announced yesterday, while National added 7 cents at A$2.55 and Bank of NSW 6 cents to A$5.60.

Building Material Supplies and Transports also performed strongly, but Property stocks were ignored, and Finance issues turned in a dull performance.

Minings often advanced on buy recommendations from London brokers.

BH South, which has kept rising since announcing that it was shutting down its losing phosphate operation at Duchess in Queensland, closed another 6 cents up at 93 cents.

Forecasts of higher steel production in Japan spurred Utah 15 cents ahead to A$3.85 among Coal issues, while Hamersley rose 5 cents to A$2.15 and Robe River a cent to 69 cents.

The Federal Government's approval for Pancontinental to start drilling at Jabiluka as part of its environmental study saw the Uranium stock rise 50 cents to A$12.70. Peko-Wallsend added 10 cents at A$4.85, but Queensland Mines eased 7 cents to A$2.00.

TOKYO—Stocks finished mainly lower after late profit-taking more than offset early gains. The Nikkei-Dow Jones indicator posted a loss of 16.35 points at 5,409.51, with volume amounting to a modest 250m shares, compared with 228m on the half-day session on Saturday and 350m last Friday. The Tokyo SE index shed 1.38 to 411.88.

Export-orientated issues led the reaction on sporadic liquidations and profit-taking in the absence of fresh market factors. Sony lost Y10 to Y1,820, TDK Electronics Y50 to Y2,040, Toyota Motor Y11 to Y959 and Canon Y5 to Y473.

Kaken Chemical fell Y60 to Y1,130, Matsushita Seiko also Y60 to Y1,140, Nissin Food Products Y50 to Y1,200, Meito Sangyo Y43 to Y620, Nippondenso Y40 to Y1,380, and Diesel Kiki Y30 to Y1,470.

In contrast, Midoriya rose Y47 to Y575, Matsuya Department Store Y40 to Y805, Shinyei Kaisha Y35 to Y220, Okamoto Riken Gomu Y32 to Y658, Shindengen Electric Y30 to Y730, Tsubakimoto Chain Y25 to Y189, Sanko Metal Industries Y23 to Y167 and Nippon Lace Y23 to Y164.

Stock markets in the following countries were closed yesterday for the Whit Monday holiday:—

Austria, Belgium, Denmark, France, Netherlands, Norway, Sweden, Switzerland and West Germany.

CANADA—Share prices closed firmer for choice after fairly active trading, with Real Estate, Transportation and Communication issues leading the gains. The Toronto Composite Index ended 2.3 higher at a 1978 high of 1103.1, while Metals and Minerals added 7.0 at 930.1 and Utilities 1.11 at 170.87. However, Golds retreated 12.8 more to 1293.4 and Oils and

HONG KONG—Market firmed towards the close on selective buying in quiet trading, with the Hang Seng index improving 1.91 to 452.33.

Hong Kong Bank rose 10 cents to HK$15.10, Hutchison Whampoa 7.50 cents to HK$4.375, Swire Pacific 5 cents to HK$6.90, and Wheelock Marden 2.5 cents to HK$2.425. Hong Kong Land and Jardine Matheson were steady at HK$7.80 and HK$13.00 respectively.

Elsewhere, City Hotels closed at HK$41.75, against a previous HK$39.50 bid, after results. Hong Kong Wharf rose 50 cents to HK$18.40.

JOHANNESBURG—Gold shares were slightly easier for choice at the close on declining Overseas interest.

Mining Financials were mixed. Amgold and Genmin each gained 25 cents to R27.50 and R27.25 respectively, but Charter Consolidated shed 3 cents to R3.15.

Other Metals and Minerals were basically steady in very slack trading.

Industrials were steadier in a hesitant trade. Barlow Rand hardened to R3.65 on the results, but subsequently came back to R3.62, unchanged on balance. Premier Milling put on 10 cents to R5.15, but De Beers Industrial receded 25 cents to R9.00.

MILAN—Share prices gained ground in selective trading.

Financials, however, were mixed, with Generale Immobiliare ending marginally lower.

Fiat rose 18 to L1,964, Bastogi 10.25 to L445, Olivetti Privileged 40 to L970, and Snia Viscosa 23.5 to L635.

Bonds were higher in moderate trading.

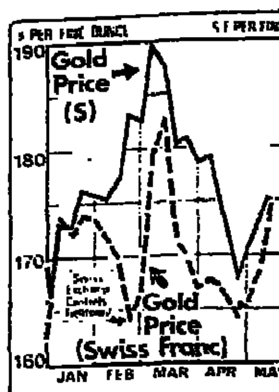
Pound firmer

Trading in yesterday's foreign exchange market remained at a very low level with public holidays closing most of the major financial centres. Sterling opened at $1.885-1.895 in terms of the U.S. dollar, and rose to around $1.8225 by lunchtime on market expectations of satisfactory UK trade figures for April. Some selling developed immediately prior to the announcement and the pound fell to $1.8170-1.8180 at one point before better than anticipated trade figures boosted the rate to $1.8230-1.8240. However, by the close, sterling had slipped back to $1.8202-1.8212, a rise of just seven points. Using Bank of England figures, its trade-weighted index improved to 61.8 from 61.6, having stood at 61.7 at noon and 61.8 in early dealings.

Forward sterling continued to narrow with the 12-month discount against the dollar strengthening to 5.22½c against 5.75c previously.

The U.S. dollar showed net gains against some major currencies, helped by firmer interest rates in the U.S. Although closing slightly off the top, it showed a gain against the West German mark to DM 2.1187½ from DM 2.1125, while the Swiss franc eased in dollar terms to SwFr 1.99 from SwFr 1.9862½. On Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed to 5.08 per cent from 5.12 per cent on Friday.

Gold improved $¾ an ounce to $175-175¾ in very quiet trading. The Krugerrand's premium over its gold content widened to the common close of 3.78 per cent over the previous common close of 3.08 per cent.



CURRENCY RATES

	Special Drawing Rights May 15	European Unit of Account May 12
Sterling	0.667262	0.669807
U.S. dollar	1.21495	1.22068
Canadian	1.35115	1.35882
Austria sch	—	18.4802
Belgian franc	—	40.1666
Danish Krone	—	6.97105
Deutsche mark	—	2.57273
Dutch guilder	—	2.75370
French franc	—	5.68254
Italian lira	1059.74	1062.32
Japanese yen	274.943	274.615
Norway krone	—	6.63637
Spain peseta	—	99.0306
Swedish krone	—	5.6684
Swiss franc	—	2.41385

GOLD MARKET

	May 15	May 12
Gold Bullion (a fine ounce) Close	$175-175¾	$174¼-175
Opening	$174¾-175½	$174¼-175¼
Morning fixing	$175.00 (£96.112)	$175.10 (£96.235)
Afternoon fixing	$175.25 (£96.371)	$174.70 (£95.864)
Gold Coins, domestically: Krugerrand	$181-183 (£99-100)	$179-181 (£98½-99½)
New Sovereigns	$54½-56½ (£30-31)	$53½-55½ (£29½-30½)
Old Sovereigns	$54½-56½ (£30-31)	$54-56 (£29¾-30¾)
Gold Coins (internationally): Krugerrand	$181-183 (£99-100)	$179-181 (£98½-99½)
New Sovereigns	$54½-56½ (£30-31)	$54½-56½ (£30-31)
Old Sovereigns	$54½-56½ (£30-31)	$54-56 (£29¾-30¾)
$20 Eagles	$277-280	$276-279

FOREIGN EXCHANGES

May 15	Bank Rate %	Day's Spread	Close
New York	7	1.8170-1.8240	1.8202-1.8212
Montreal	8½	2.0210-2.0285	2.0250-2.0265
Amsterdam	4	4.10-4.13½	4.11½-4.12½
Brussels	5½	59.80-60.30	60.00-60.10
Copenhagen	9	10.40-10.46	10.42½-10.44
Frankfurt	3	3.84-3.89	3.85½-3.86½
Lisbon	13	82.50-84.50	82.95-83.15
Madrid	8	146.8-146.75	146.20-146.40
Milan	11½	1,555-1,562	1,557½-1,558½
Oslo	7	9.91-9.98	9.93½-9.94½
Paris	9½	8.42½-8.53	8.50-8.51
Stockholm	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

Rate given for convertible francs. Financial franc 60.00-60.10.

OTHER MARKETS

Argentina, Australia, Brazil, Finland, Greece, Hong Kong, Iran, Kuwait, Luxembourg, Malaysia, New Zealand, Saudi Arabia, Singapore, South Africa, Canada, Austria, Belgium, Denmark, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Spain, Switzerland, United States, Yugoslavia: [illegible]

Rate given for Argentina is a free rate.

EXCHANGE CROSS-RATES

May 15	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt*	—	2.1060-95	45.25-55	6.40-41	[illegible]	93.40-55	136.80-85
New York	47.12-15	—	21.36-39	3.0225-0250	[illegible]	44.14-19	[illegible]
Paris*	220.65-15	4.6552-6672	—	14.152-166	[illegible]	[illegible]	[illegible]
Brussels*	15.61-65	32.95-33.0	7.06-09	—	59.91-60.07	14.59-63	[illegible]
London	3.85½-86½	1.8202-8212	8.504-814	60.00-10	—	4.11½-12½	[illegible]
Amsterdam*	107.01-06	2.2587-2612	48.465-515	6.842-75	[illegible]	—	[illegible]
Zurich*	93.764-904	1.9785-9805	42.435-501	6.6055-0131	[illegible]	[illegible]	—

U.S. $ in Toronto U.S. = 110.92-95 Canadian cents. Canadian $ in New York = 90.10-12 cents. U.S. $ in Milan [illegible]. Sterling in Milan 1556.10-1556.40. *Rates for May 12.

EURO-CURRENCY INTEREST RATES*

May 15	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark
Short term	8-9	7-8	7¼-7½	[illegible]	[illegible]	[illegible]
7 days' notice	9-10	7-8	7¼-7½	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rates: two-day [illegible] per cent; seven-day [illegible] per cent; one-month [illegible] per cent; three-month [illegible] per cent; six-month [illegible] per cent; one-year [illegible] per cent.

Long-term Eurodollar deposits: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month [illegible] per cent; three-month [illegible] per cent; six-month [illegible] per cent; one-year [illegible] per cent.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

FORWARD RATES

	One month	Three months
New York	0.48-0.32 c. pm	1.22-1.12 c. pm
Montreal	0.48-0.32 c. pm	137-1.27 c. pm
Amsterdam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Madrid	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

Indices

NEW YORK—DOW JONES

	May 15	May 12	May 11	May 10	May 9	May 8	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	846.76	840.70	834.20	822.16	822.07	824.56	846.76 (15/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.84	88.81	88.80	88.74	88.80	88.89	90.56 (4/1)	88.64 (16/5)	—	—
Transport	227.94	227.75	224.68	222.00	221.51	225.41	227.94 (15/5)	[illegible] (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.43	104.60	104.47	104.65	104.84	105.48	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	33,900	46,600	36,630	33,350	30,880	34,680	—	—	—	—

*Basis of index changed from August 24

	May 12	May 5	April 28	Year ago (approx.)
Ind. div. yield %	5.51	5.61	5.68	4.70

STANDARD AND POORS

	May 15	May 12	May 11	May 10	May 9	May 8	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	109.51	108.44	107.48	105.26	105.22	106.28	109.51 (15/5)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	96.76	98.07	97.20	95.32	95.90	96.19	98.76 (15/5)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	May 10	May 3	Apr. 19	Year ago (approx.)
Ind. div. yield %	5.04	5.02	5.14	4.40
Ind. P/E Ratio	9.16	9.18	8.94	10.22
Long Govt. Bond yield	8.43	8.39	8.30	7.80

N.Y.S.E. ALL COMMON

May 15	May 12	May 11	May 10	1978 High	1978 Low
55.18	54.85	54.58	53.72	55.18 (15/5)	48.37 (6/3)

Rises and Falls

	May 15	May 12	May 11
Issues traded	1,924	1,915	1,911
Rises	803	1,014	1,004
Falls	671	510	528
Unchanged	450	391	379
New Highs	182	254	165
New Lows	45	35	39

		May 15	May 12	May 11	May 10	1978 High	1978 Low
MONTREAL	Industrial	178.74	179.26	177.74	177.80	181.47 (17/4)	162.30 (16/2)
	Combined	186.56	186.66	185.51	185.27	187.96 (17/4)	170.62 (30/1)
TORONTO	Composite	1103.1	1100.8	1095.8	1091.9	1103.1 (15/5)	984.2 (30/1)
JOHANNESBURG	Gold	200.3	200.7	201.5	197.3	218.7 (1/2)	185.9 (20/4)
	Industrials	222.9	222.6	222.8	221.9	222.9 (15/5)	194.9 (15/3)

	May 15	Previous	1978 High	1978 Low
Australia (¶)	487.21	484.29	487.21 (15/5)	441.45 (1/00)
Belgium (‖)	(c)	100.58	101.16 (8/5)	99.78 (10/3)
Denmark (**)	(c)	94.95	96.13 (9/1)	94.00 (6/2)
France (††)	(c)	65.5	68.7 (25/4)	47.0 (4/2)
Germany (‡‡)	(c)	765.4	812.7 (10/2)	765.4 (12/5)
Holland (§§)	(c)	80.8	82.1 (10/2)	76.0 (4/4)
Hong Kong (**)	462.33	450.42	461.85 (1/5)	383.44 (13/1)
Italy (‖‖)	61.52	61.29	65.66 (6/5)	55.45 (10/1)
Japan (a)	411.88	413.26	416.11 (19/4)	364.04 (4/1)
Singapore (b)	311.07	308.73	311.07 (15/5)	282.0 (1/60)
Spain (d)	(c)	106.46	110.78 (9/5)	87.62 (17/3)
Sweden (e)	(c)	384.07	397.95 (3/1)	325.74 (3/1)
Switzerl'd (f)	(c)	293.1	299.56 (14/4)	279.0 (26/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300 1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam, Industrial 1970. (**) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated; yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs; including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‖ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—109¼% (109¼%)
Effective rate (1.8207) 46½% (46⅜%)

NEW YORK

Stock	May 15	May 12
Revlon	48¼	47¾
Reynolds Metals	32⅞	32⅜
Reynolds R. J.	61½	60¼
Rich'son Merrell	26½	25¼
Rockwell Inter.	33⅝	34¼
Rohm & Haas	36½	36¼
Woolworth	20⅜	20⅛
Wyly	5⅛	5
Xerox	52½	50½
Zapata	16	15⅞
Zenith Radio	16½	16½
U.S. Treas 4% 1980	†94¼	†94⅝
U.S. Treas 4¾% 75/78	†80⅞	†80⅞
[illegible]	[illegible]	[illegible]

GERMANY ◆

May 12	Price Dm.	+ or −	Div. %	Yld. %
AEG	81.2	+0.1	—	—
Allianz Versich	465.0		18	2.0
BMW	224.5	−0.5	18	4.0
BASF	152.7	−1.5	18.76	7.1
Bayer	137.5	−0.5	16	—
Bayer. Hypo	277	−1	18	3.2
Bayer. Verein-bk.	287.5xd	−2.0	18	3.1
Ciba Int. Neth. wrts	175	−5	—	—
Commerzbank	225		17	7.6
Cont Gummi	72		—	—
Daimler Benz	296.0	−0.1	28.12	4.7
Degussa	245.5xd	+0.5	17	3.5
Demag	153		14	4.5
Deutsche bank	287.1	−0.9	18	3.1
Dresdner Bank	240.0xd	−0.5	28.12	5.9
Dyckerhoff Zemt.	145.0	−0.2	4	1.4
Gutehoffnung	189.0	−0.2	12	3.2
Hapag Lloyd	114.5	−0.5	12	5.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADA
[illegible]

AMSTERDAM
[illegible]

COPENHAGEN ♣
[illegible]

OSLO
[illegible]

TOKYO ¶
[illegible]

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG
[illegible]

SWITZERLAND ◆
[illegible]

MILAN
[illegible]

STOCKHOLM
[illegible]

AUSTRALIA
[illegible]

PARIS
[illegible]

BRAZIL
[illegible]

Vol. Cr. [illegible]m. Shares [illegible]m.
Source: Rio de Janeiro SE.

VIENNA
[illegible]

JOHANNESBURG

MINES
[illegible]

INDUSTRIALS
[illegible]

Securities Rand US$0.73½
(Discount of 36.3%)

SPAIN ♥
[illegible]

*Toronto prices: Montreal prices are quoted in Canadian cents. † Bid. ‡ Asked. § Traded. ¶ New stock.

هكذا من الأصل

FINANCIAL TIMES SURVEY

Tuesday May 16 1978

Bavaria

The popular image of Bavaria as bucolic and beer-drinking is, as this Survey shows, out of date. Economic growth in this, West Germany's largest State by area, runs well above the national average, and industry, commerce and transport are flourishing sectors.

Closely knit and thriving

'ALL BAVARIA is full of Alps. he Alps are full of pastures, the astures are full of dairymaids nd the dairymaids are full of nnocence. To the extent that nountains, bulbous spires and ottages leave space for addiional structures this is filled vith breweries and beer tents."

That, in the view of a former irector of Bavarian broadcasting, was how many foreigners aw his home State. No doubt ome still do. But there are igns that the old cliches are ying—and that West Germany's largest State in area is t last being seen as one of its nost dynamic.

Not before time: the economic rowth rate in Bavaria has been ell above the national average r years. Half the country's rospace industry and one fifth f its refinery capacity is sited here. About one quarter of the Vest German electrical industry's turnover is produced here. It is a key region for recision tools, optical instruments, modern transport and cientific research (not to mention some of the most advanced weaponry in the world).

None of that fits the traditional image of a conservative State and supposedly stick-in-the-mud inhabitants. But then a glance at Bavarian history makes one wonder whether that image was ever a fair one. The diesel motor was invented in Bavaria and so was the rotary printing press.

Bavaria had the first German railway—though an Englishman called Mr. Wilson was driving the engine at the 1835 inauguration. The Bavarians seem to have been big travellers too. One of them turns up in the eighteenth century in the unlikely role of director of the imperial astronomical office in China. Those whose mind does not easily boggle may be interested to learn that Bavarians even tried to buy up Manhattan in the seventeenth centry to settle 1,000 of their number there.

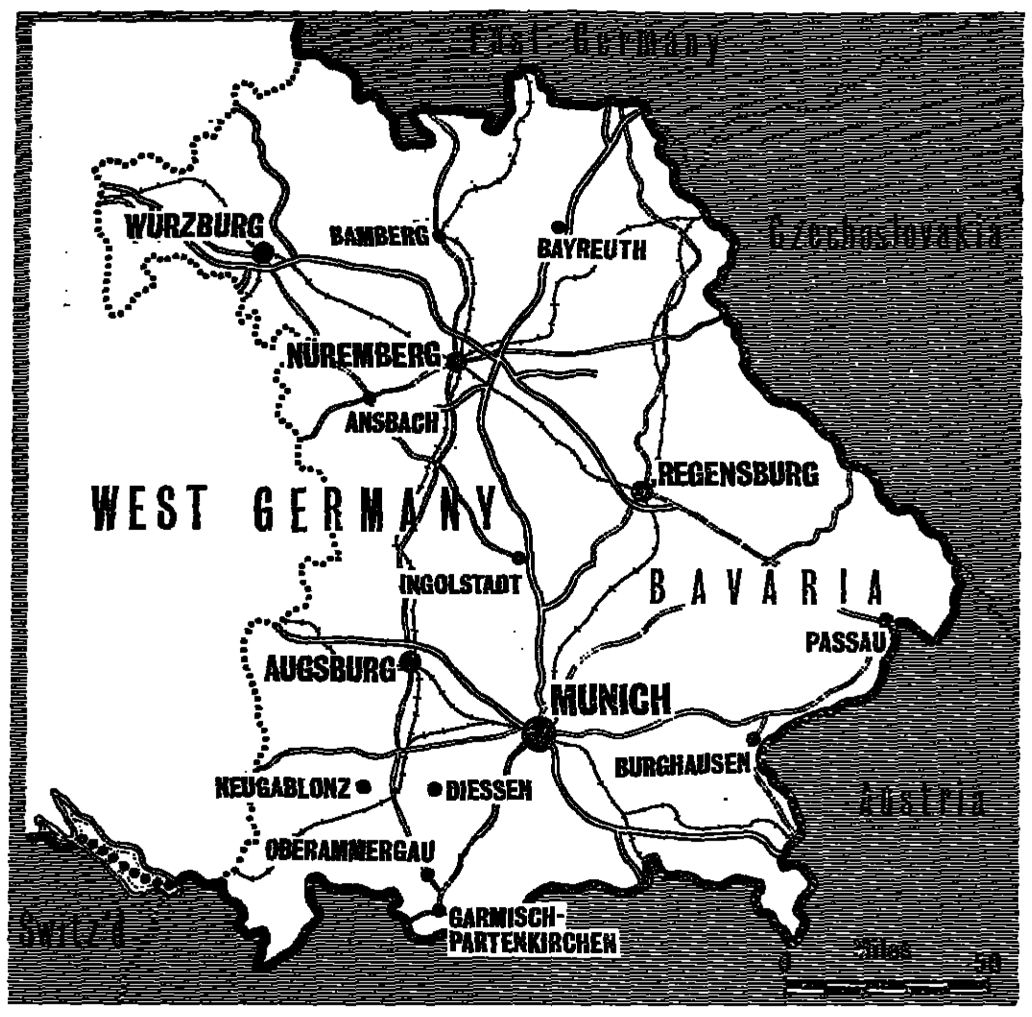
The reputation for slow-wittedness hardly fits famous men born in Bavaria in our own century either—men like Dr. Henry Kissinger, Dr. Ludwig Erhard, father of the German "economic miracle," and Dr. Otmar Emminger, President of the Bundesbank.

That said, at least part of the quotation at the start of this article really is true. Despite rapid industrialisation and a movement away from agriculture Bavaria remains an area of great natural beauty. It is bounded on the south by the Alps, on the east by the Bayerische Wald—the great Bavarian Forest which is one of the last really wild regions of Western Europe—and to the north by the flowing land of Franconia. The latter produces, among other things, a particularly palatable wine—a fact not always recalled by those who associate Bavaria strongly with beer. Of course, there is a lot of that too—though there are bigger German breweries beyond Bavaria's borders.

Together with this natural beauty goes an intense Bavarian delight in festivities of every kind in music and the dance and in the visual arts. Even tourists just passing through must be struck by at least some of the creations of men like Dominikus Zimmermann (the Wies church), of Balthasar Neumann (the Wuerzburg Residenz), Ignaz Guenther or Tilman Riemenschneider. And there are moments in the summer when almost everyone in Bavaria seems to be putting on a music festival—from the world-class presentations in Munich and Bayreuth to the local bands oom-pahing away in village squares.

This Survey was written by Jonathan Carr

In company with this artistic sensibility goes a fiercely independent spirit—often described by those who have fallen foul of it as sheer cussedness. Characteristically, it was Bavaria which at first opposed ratification of the West German basic law (the provisional constitution) in 1949 on the grounds that it wanted more autonomy. But it later agreed to consider the basic law binding if two thirds of the Federal States ratified it. Bavaria alone of the States has its own special political party. And when one crosses the border from, say, Austria or Switzerland, it is hard to avoid feeling that one is entering "The Free State of Bavaria" first and that the Federal Republic of Germany will only be reached rather later.



The fact is the Bavarians have had some degree of independence for around 1,000 years. They first emerged from the east as the "people of Bohemia"—that is the "Baiwarii." They settled along and below the Alps and clearly aroused strong and divergent feelings right from the start. One bishop claimed them to be pious folk ready for the Gospel while the Augustinians saw them rather as a "pack of wolves." The capital, Munich, founded in the 12th century, owed its rise to its position on the main route for the profitable salt trade. Bavaria prospered first as a duchy, then from 1623 as a principality within the Holy Roman Empire. Less than two centuries later it became a monarchy at last—thanks to Napoleon, who wanted a friendly buffer state between France and Austria and presented Roman Catholic Bavaria with Protestant Franconia and the Tirol. Bavaria lost the Tirol again in 1815 but kept the rest.

Memorial

Much is made—usually too much—of the friction between Roman Catholic and Protestant Bavaria. The same goes for the much-proclaimed enmity between the Bavarians and Prussians. There is something in it of course. But the Bavarians often had a healthy respect for their northern cousins and were not always enemies. The point is emphasised by that huge memorial to Bismark which still survives above Lake Starnberg—where King Ludwig the Second of Bavaria was drowned, that same monarch who offered the German imperial crown to King William I of Prussia in 1871.

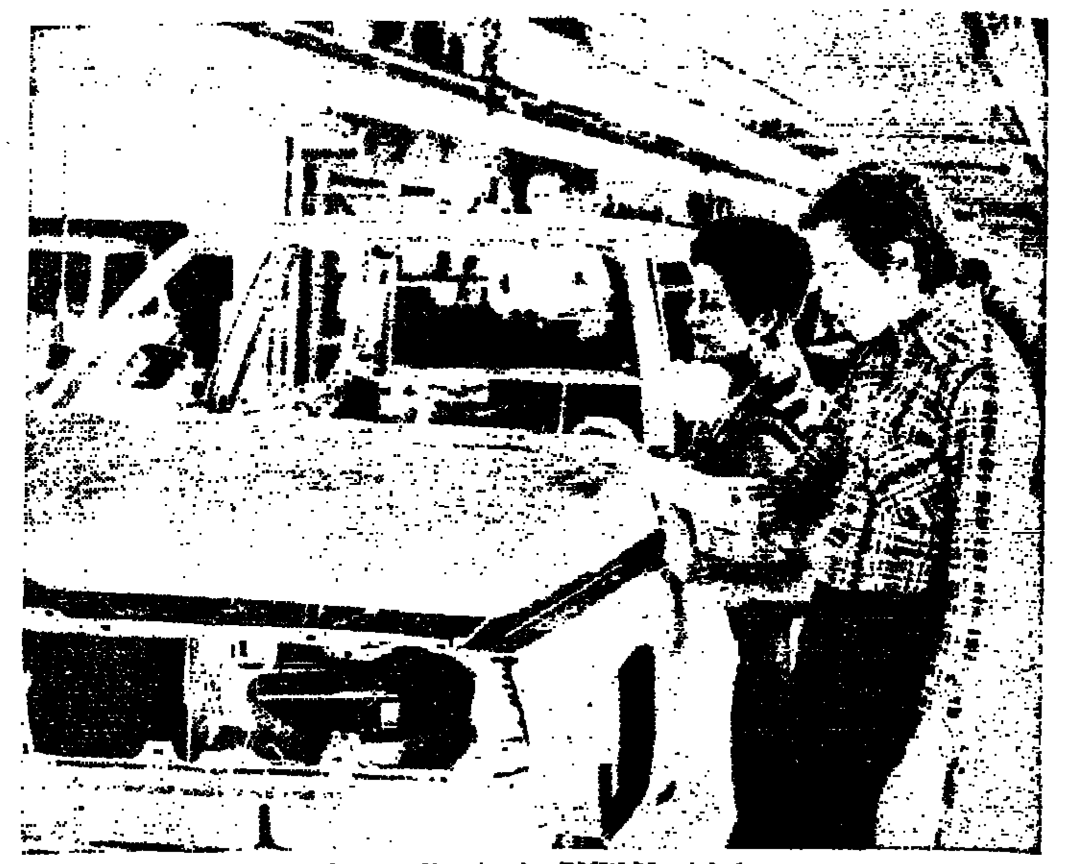
Ludwig II is for many people the most memorable of Bavarian kings—with his support of the often thankless Richard Wagner, his sad dreams and his fairytale castles like Herrenchiemsee with halls, as one writer put it, "in which no one ever danced, reception chambers which never saw a foreign diplomat and boudoirs which never heard the laughter of women."

Perhaps more representative of Bavaria was Ludwig I who worked hard and with success to make Munich a great city, who had artistic temperament to boot—and who heard perhaps too much of the laughter of women. It was his attachment to Lola Montez (alias Mrs. Eliza Gilbert) which finally precipitated rioting and his fall from power. The Bavarian monarchy itself survived until 1918, finally going down amid the brief rise of a workers' revolutionary movement. Munich street battles and plunder, to be followed a few years later by the announcement by Adolf Hitler of his programme in the same city.

The name of Munich is associated in many minds with Hitler's rise and the "peace in our time" pact with Chamberlain. It is fair to remember, too, that it was also the scene of one of the bravest acts of resistance to Nazism—the "white rose" student movement during World War II.

What of the future? The direct, economic answer is that Bavaria is rather better placed than most to withstand the structural changes being forced on all of Western Europe. The more distant problem is raised by Bavarian folklore, which claims that a monster lives at the bottom of the Walchensee in the Alps and that it will one day rise to destroy Bavaria and Munich. It goes almost without saying that numerous people have gone looking for the beast—so far without success but to the considerable benefit of local tradesmen. The comparison with "Nessie" and Scots is irresistible. And that in itself is a big clue to the character of the Bavarians.

Economic framework is soundly based



A production line in the BMW Munich factory.

BAVARIA HAS long had an economic growth rate higher than the West German average and seems set to maintain that record. This is clearly no guarantee of high growth as such. Between 1960 and 1975 West German annual average real growth of gross national product was about 5 per cent. and that of Bavaria more than 6 per cent. It would be a brave — if not foolhardy — prophet who suggested these figures could be matched in the period to 1990. Yet Bavaria stands a good chance of staying ahead in the growth stakes.

Part of the reason is that Bavaria started on industrialisation later than most of the rest of the country, and the rate of growth reflects the surge from a primarily agrarian to a modern economy. Beyond that, Bavaria was able to learn from the mistakes of others, so that growth was not just fast but balanced too. The firm basis thus established will serve the State well in the coming decades.

A few figures show how big the structural change in Bavaria has been. In 1960 more than one-fifth of those employed in the State were working in agriculture, compared with about 13 per cent. in the country as a whole. By 1975 the Bavarian figure had dropped to 12.8 per cent.—with another 44.4 per cent. in manufacturing and 42.8 per cent. in the services sector or State employment. Over those 15 years the number of those employed in industry in Bavaria increased by 10.3 per cent. to 1.3m. (from a total population of 10.8m.) while those in industry in West Germany as a whole declined by 5.8 per cent. Over the same period Bavaria increased its share of West German GNP from 15 per cent. to 16.7 per cent., the biggest increase of any single federal state (but closely followed, incidentally, by Bavaria's neighbour, Baden-Wuerttemberg).

In which sectors in particular was high economic growth achieved? Table one shows ten West German industrial branches which had above average turnover growth (all more than 200 per cent.) between 1960 and 1975. In every case but one (wood and wood products) the growth of the same branch in Bavaria was faster over the same period. The table also shows that each of the three fastest growing branches — plastics, petroleum and electricals — make up a larger proportion of total industrial turnover in Bavaria than they do in West Germany as a whole.

The second table gives the leading sectors of Bavarian industry in turnover terms. The first four — electricals, mechanical engineering, motor vehicles and chemicals — all figure in the "top growth" table. The first are also by far the biggest private sector employers in the State.

Of course no one can be certain that the trend will continue. Most of the top chemicals companies are going through a very tough period, though they are relatively confident in the longer term. Many in the motor vehicle industry fear that the domestic boom of the last few years may now be ending.

But at least Bavaria has demonstrably identified the big growth areas well in the past, and has a good spread of industry to help cushion sectoral difficulties. Further, it is worth stressing the particular importance of the electricals industry. It is by far the biggest sector in the State, both as employer and in turnover terms. Indeed it accounts for about one-quarter of all West German electricals turnover. Two developments speak well for the future. One is the drive of the developing world to industrialise, meaning good opportunities for West German exports of power engineering equipment. The other is the race by many sectors of West German industry to rationalise and computerise, implying glowing prospects for the micro-electronics and data processing branches.

The names of the biggest companies in Bavaria are known worldwide. In electricals they include Siemens and Grundig, in motor vehicles Bayerische Motoren Werke (BMW), in engineering Maschinenfabrik Augsburg-Nuernberg (MAN). Others, possibly smaller in turnover terms, are at least as well known because of their significance for a particular branch. For example, roughly half the West German aerospace industry is located in Bavaria. The biggest company is Messerchmidt-Boelkow-Blohm of Ottobrunn near Munich. But the much smaller Dornier concern is singularly dynamic and successful too.

INDUSTRIAL GROWTH

	Percentage turnover growth (W. Germany) 1960-73	Percentage turnover growth (Bavaria) 1960-75	Percentage share of Industrial turnover (W. Germany) 1960	1975	Percentage share of industrial turnover (Bavaria) 1960	1975
1. Plastics	490	544	0.8	1.9	1.2	2.3
2. Petroleum	300	16,879	2.9	4.3	0.1	5.2
3. Electricals	262	394	7.8	10.2	12.0	17.7
4. Motor Vehicles	262	337	6.2	8.9	6.3	8.3
5. Chemicals	245	270	8.6	10.7	6.3	7.0
6. Paper cardboard	244	258	1.2	1.5	1.4	1.5
7. Wood	239	221	2.0	2.4	2.9	2.8
8. Precision tool, optical watch and clock	237	269	1.0	1.2	1.3	1.4
9. Printing	230	248	1.3	1.8	2.1	2.2
10. Mechanical engineering	223	239	9.6	11.1	11.4	11.6
		Total:	41.5	54.0	45.0	60.0

Recital of the big names can conceal the crucial importance of small and medium-sized enterprises for the Bavarian economy. Just over half those employed in industry in the State are in companies with fewer than 500 workers. Sectors like clothing, printing and wood products are typical examples. But even in the mechanical engineering branch nearly 80 per cent. of enterprises employ fewer than 200 people each.

The Bavarian government has gone out of its way to help these concerns, in particular through a law passed in 1974. It provides, among other things, for long-term, low-interest loans and tax benefits to help modernise existing small or medium-sized enterprises or to establish new ones. The government has also acted to help on the export side. Companies of this size often find themselves at a grave disadvantage here, not least when faced with demands from State-trading nations for "compensation business," that is barter.

The Bavarian government's conviction is that these companies not only give the economy a flexible base but are often a particularly rich source of new ideas. This theory was by no means greeted with universal approval in Germany at first, but in the meantime there are clear signs that it is gaining increasing support—not least in the Federal Government in Bonn.

Boost

Thus far the economic picture seems relatively straightforward. You identify the growth areas and you give a boost to the smaller companies. But there are several complicating factors—not the least the temperament of the Bavarians themselves. They are cautious people who set very little store on a strategy simply described as "going for growth" no matter what. Bavaria was the first Federal German state to have its own minister for environmental protection — and it shows. The government was clear from the start that industrialisation was essential—but not at the expense of a landscape which is not only the State's natural heritage but also brings in a healthy profit. Bavaria is much the most important tourist area of West Germany, accounting for somewhat less than one third both of the country's hotel capacity and of its tourist traffic. The Bavarian tourist branch generates well over DM3bn. annually and employs around 100,000 people—chiefly in the hotel and restaurant business. Many tourists of course come for the festivals—in Bayreuth, Munich, Ansbach or Wuerzburg. But many more make for the forests, lakes and mountains of what is, after all, one of the country's least populated and most beautiful states. To make sure they keep coming, Bavaria has established natural protection areas over 11,000 square kilometres (4,250 square miles)—about 15 per cent. of the State.

That sheer size and richness of landscape, which attracts tourists, of course brings its problems. Transport costs are necessarily high and so is the capital investment needed to make sure the far flung communities are linked into the electric power grid. Further, the State is far from the big markets of the Western European heartland—such as the Benelux countries and Northern France. And it has a 356 km border with Czechoslovakia and one of 419 km with East Germany, which, politically, economically and culturally used to be virtually a dead end. They are not quite that any more. The Federal Government's "Ostpolitik" has brought some easing. But the border region remains the biggest—though not the only—regional problem for the Bavarian government. It has sought through tax benefits, investment grants and the like (with help from the Federal Government) either to tempt new industry to establish itself there or to persuade existing enterprises to remain. Between 1960 and 1975 more than 63,000 new jobs were created in the border areas, and the State promoted investment there worth DM3.8bn. But it is an uphill struggle.

Given the distance from the biggest European markets and from the ports of northern Germany, it is easy to see why Bavaria has made intensive efforts to expand its trade and other links to the south and south-east of Europe. This area takes a far higher proportion of Bavarian exports (27.5 per cent.) than it does of the exports of West Germany as a whole (18.2 per cent.). Italy is of decisive importance here. In 1976 it took goods from Bavaria worth DM4.3bn.—that is more than 13 per cent. of the State's total exports worth DM32.5bn. That makes Italy Bavaria's biggest single customer and also makes plain why Italian political and economic developments are followed with such concern. (That goes for Bavarian farm exports in particular, as the agriculture article in this Survey makes plain.) Hence the marked enthusiasm in Bavaria, not only for enlargement of the European Community to include Greece but also for any moves to try to increase trade links between the Community and the State trading nations.

The south is crucial in another way too. Oil now accounts for more than 70 per cent. of Bavaria's energy needs (against less than 30 per cent. in 1960), and most of the crude comes up from the Mediterranean via two transalpine pipelines, one from Genoa via the Bodensee, the other from Trieste. They both feed five refineries at Bavaria's "oil city" of Ingolstadt, roughly mid-way between Munich and Nuremberg. An offshoot from the Trieste pipeline also supplies the marathon refinery at Burghausen on the Bavarian-Austrian border. Together the six refineries have a capacity of more than 30m. tonnes of crude input a year, and their establishment since the 1960s has brought a whole new industry to Bavaria.

Currently the refinery business throughout Europe faces big problems. But that hardly means that the establishment of the industry in Bavaria was unwise. Before the refineries came, the State was dependent on supplies from the distant north-west of Germany. Their establishment meant, for example, that the price of heating oil in the Munich region need be no higher than that in either Hamburg or the Ruhr area.

Expansion

Oil has thus been the big energy growth sector — its expansion more than matching the decline of coal, which in 1960 supplied half the State's energy needs and to-day provides less than 4 per cent. The other fast-growing energy source is gas—almost all natural gas. This now meets some 10 per cent. of energy needs against 1.5 per cent. in 1960. The state has benefited hugely from accords with the Soviet Union under which West Germany supplied massive steel pipes and received natural gas in return, via the Czechoslovak-Bavarian border. The first two agreements of 1970 and 1972 alone provided for a total of 120bn. cubic metres of natural gas to flow west into the 1990s. Since then there has been a further trilateral deal between West Germany, the Soviet Union and Iran. Despite the early reservations of some Cassandras, the business seems to function almost without a hitch.

It is hoped that the same will prove true of another east-west link of great importance to Bavaria, namely the Rhine-Main-Danube Canal. Work is now underway on the final 100 km. stretch between Nuremberg and Kelheim near Regensburg. When complete, sometime in the 1980s, ships will be able to navigate a 3,500 km. waterway between the North Sea and the Black Sea, with manifest economic benefits for the areas through which they pass. The only blot on the horizon, underlined by the Federal Transport Ministry in Bonn only this month, could be a legal battle between the Eastern European countries and West Germany on conditions of use.

Bavaria, of course, fervently hopes it can be avoided. It stands to gain greatly from the waterway which — along with further extension of the Autobahn system and construction of a new airport for Munich—is a key element in its transport policy and economic planning as a whole.

BAVARIAN INDUSTRY: THE BIGGEST BRANCHES (1975)

	Employees	Turnover (DM bn.)	Exports (DM bn.)
Electricals	256,000	19.3	7.2
Mechanical Engineering	168,000	11.9	5.1
Motor Vehicles	88,000	9.0	3.4
Chemicals	63,000	7.7	2.3
Textiles	76,000	5.1	0.78
Clothing	96,000	4.8	0.42
Glass	20,000	1.1	0.24

Significant increase in farm exports

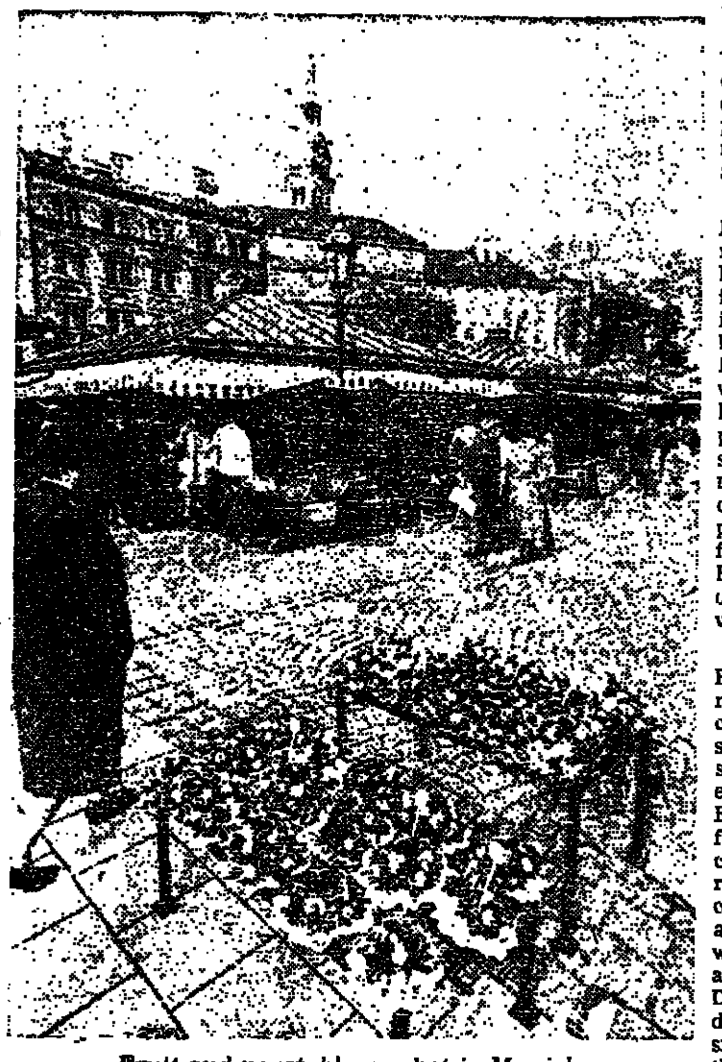
THE SAYING goes that in Bavaria even the clocks run to a different time. Many non-Bavarians used to take a critical look at one aspect of the State's agricultural policy and suggest either that the clocks had stopped altogether or were running backwards. The Agriculture Ministry, it seemed, was telling the State's small farmers to think twice before leaving the land and pledging help if they were ready to stay.

On the face of it the idea seemed to be just the opposite of that policy long advocated from Brussels for the European Community. Surely the future for European agriculture lay in bigger units, fewer people on the land—but better incomes for those who remained. What, then, were the Bavarians up to?

Trend

The Bavarians would not disagree with that general rule—and can produce figures to show this has indeed been the trend in their own State. For example, since 1960 the number of farms has dropped by about one quarter to some 326,000, while the average size has risen from 8.7 hectares to 11 hectares.

In some ways these figures are deceptive. Few "average farms" are to be found in an area which embraces Alpine regions, the thick forest land of the Bavarian Forest and the gently flowing pastures of Franconia. The Ministry's decision to help small farmers (later supported by action from Brussels to help hill farmers throughout the EEC) takes account of this. The mountainous and semi-mountainous regions simply do not lend themselves to large-unit farming. Yet farmed they must be. Tourists who love Upper Bavaria—*the picture-book pastures and forests*—are usually unaware of the vital contribution of farming to the beauty of the landscape. They soon would be if small farmers were forced to give up. The land would quickly become a wilderness and a drop in tourist earnings would inevitably follow. Quite apart from the direct agricultural benefits, Bavaria has won back from tourism many times over what it has paid to keep small farmers in business.



Fruit and vegetable market in Munich.

Not that the farmers do not do a lot to help themselves. One example is the organisation of the "ring" system under which voluntary associations are formed to ensure that the most efficient use is made of available manpower and machinery.

Despite this there has still been a big general movement off the land, though it has been less rapid than the national average. Since 1960 the number of those working in agriculture in Bavaria has dropped by 38 per cent. to 625,000—against a fall of 47 per cent. for the country as a whole. This may be a cause for surprise in view of Bavaria's big industrialisation programme and above average economic growth rate. But it reflects two factors in particular.

One is a strong native caution—of which the help for small farmers is one example. Even in the countrywide economic boom years of the 1960s, those in Bavaria thinking of leaving the land were urged to consider carefully whether job prospects and living conditions in the towns would really be better. Many left all the same—more than 40,000 annually—but it was never a stampede which destroyed the whole social fabric of life on the land.

That paid off handsomely in the 1970s with slower general economic growth in the wake of the oil crisis and 1m. unemployed. A job on the land is not everyone's desire—but it is, at least, a job.

The other point is that Bavaria's economic development has given those on the land the chance of part-time farming combined with a second income. Most Bavarian farmers have taken advantage of this. It might be a chance of shift work in a new factory half an hour's drive away or a job at a petrol station or even at a kiosk selling souvenirs. Further, many Bavarian farmhouses rent out rooms to tourists. And in passing it is worth noting that farmhouses, especially in Upper Bavaria within striking distance of Munich, are increasingly valuable pieces of real estate.

Does all that imply that Bavarian farmers are really rather well off? The answer can only be given with caution since so many factors (such as self-supply of food) do not fully emerge in the statistics. Some Bavarian farmers are manifestly doing well—but there is clearly a big range of income related in particular to the size of the farm. In 1974-75, the average annual income per farm worker in Bavaria was given as DM17,400 compared with DM13,700 in 1971-72. But despite all the help for the smaller units, the figures show that the average income for workers on farms of between five and ten hectares was less than half that for those of 50 hectares and more. The disparity is worth stressing at a time when nationally pressure is growing on farmers to give up some of their long-standing tax benefits. There would be little point in removing such benefits for those with smaller holdings only to be forced to increase other aid to ensure they remained in business.

Whatever argument there may be about Bavarian farmers and their incomes, two statistical facts are undeniable. One is that Bavarian farm production has constantly increased. It is now worth more than DM10bn. annually and represents roughly one-quarter of the West German total. The other is that Bavaria has emerged as a significant agricultural exporter. The value of total annual exports has more than doubled since 1970 and now totals around DM3bn. Key exports include dairy products (milk butter and cheese together made up 45 per cent. of Bavarian exports by value in 1975 against 33 per cent. in 1973), as well as live cattle and meat.

Biggest

Britain alone has good cause to know. Between 1973, when it became an EEC member, and 1975 Bavarian farm exports to the U.K. increased six-fold to a total value of DM144m. But by far the biggest single market is Italy which takes about two-thirds of exports. Hence the particular concern with which Italian economic and political developments are followed. Every day lorries loaded with dairy and other produce make the drive of but a few hours from Bavaria through Austria and across the Brenner Pass into northern Italy. Even temporary import restrictions imposed by the Rome Government because of internal difficulties hit the Bavarians particularly hard.

Another problem is the transit tax to be imposed by the Austrians from this summer and which, the Bavarians say, will force up the prices of their produce in Italy. This in turn will weaken their competitive position on the Italian market — particularly against French products entering by other routes.

But that is a relatively minor point when set against the fear of import restrictions. The cry for defence of the free European market is strong throughout the Federal Republic—but nowhere more so than among Bavaria's farming community.

Despite some drift of workers from the land farming remains a major economic force.

Local banks make steady headway

TAKE AN above-average economic growth rate, the rise of new industry with extensive international links, a local population noted for thrift and a landscape which attracts the wealthy—and what have you got? An ideal breeding ground for banks. So it is in Bavaria.

More than a fifth of the credit institutions in West Germany have their headquarters in Bavaria. Together they had a business volume at the end of 1976 of about DM246bn. Furthermore, the share of Bavarian banks in the business volume of all banks in West Germany has risen year by year.

Munich is, of course, the main centre. As well as being the State's top banking city it also houses the country's third largest stock exchange in turnover terms and West Germany's biggest insurance group, Allianz Versicherungs AG.

But the industrial areas in and around Nuremberg and Augsburg are important too and the banks have built up their branch network accordingly.

Is it fair to speak of Bavarian banks—or does the expression simply mean banks in Bavaria? Certainly the "Big Three" West German banks—the Deutsche, Dresdner and Commerz—have a strong presence in the State. But there are also specifically Bavarian banks which have both grown with the State's economic success and contributed mightly to it.

It is probably too much to claim there is a specifically Bavarian banking style. Suffice to say that solidity and caution are even more than usual the watchwords. During Bavaria's high growth period there have been several major misjudgments in building and real estate investment. In each case Bavarian banks have been conspicuous by their absence.

This solid reputation certainly applies to the biggest Bavarian credit institution, the Bayerische Landesbank, owned jointly by the State and the savings banks, which had a balance sheet total at the end of 1976 of more than DM50bn. Several Landesbanks in other States have suffered either bad luck, or bad management or both; not so this one.

Spreading

Within Bavaria it has been particularly active in providing finance for housing, energy and agricultural development schemes. But it has been spreading its wings well beyond Bavaria — not least through the opening last year of a representative office in London and through its interest in the Deutsche-Skandanavische Bank, aimed at picking up business in the Nordic countries.

Expanding foreign operations are also a key characteristic of the activities of the other two big Bavarian banks, the Bayerische Vereinsbank and the Bayerische Hypothekenund Wechselbank (Hypo). Internationally the Hypo acts principally through Abecor, the big European banking group, and has direct access to Euromarket business through its Luxembourg subsidiary. Last September it also became the eighth German bank to open a branch in New York.

Bayerische Vereinsbank has had a full branch operation—Union Bank of Bavaria — in New York since 1974, to which it has added further branches in Chicago, Los Angeles, Tokyo and the Cayman Islands. It too has a Luxembourg subsidiary and its foreign representative offices include London, Paris, Tokyo, Rio de Janeiro, Caracas and Tehran.

The spokesman for the managing board, Dr. Max Mackl, notes that the bank plans to be on hand wherever German industry sees a growth market — an attitude which appears to foreshadow considerable further foreign expansion.

Bavarian banks generally have substantial branch networks with a good spread of industrial clients. The advantage is rather different in the case of the Fuerst Thurn and Taxis Bank, headquartered in Munich. Here Prince Johannes von Thurn und Taxis stands behind the bank with all his assets — which are demonstrably worth far more than the bank's balance sheet total of around DM500m. It is thus a bank for those wishing to combine special service and the personal touch with the utmost security. A similar point can be made of one of the biggest private banks in the country, Merck-finck and Co., of Munich, Dusseldorf and Frankfurt — behind which stands the fortune of Herr August von Finck, reputedly one of the richest men in the country.

All this makes for added comfort — even in a State which has seen nothing like the Bankhaus Herstatt collapse.

Herr Strauss and the CSU party

POLITICAL PROPHECY is usually a dodgy business, but here are three forecasts where the chances of error are unusually small. The Bavarian Christian Social Union (CSU) will easily win the State Parliament elections next October. The CSU chairman, Herr Franz Josef Strauss, will become Bavarian Prime Minister. And his elevation will not mean a final retreat from the national political stage where he has been a source of enrichment—and exasperation — since the Federal Republic's foundation in 1949.

The CSU has not always formed the Government of Bavaria. Although the strongest single party, it was forced into opposition by a coalition of four others between 1954 and 1957. But in all Bavarian State elections since 1950 it has won increased voter support. In the latest State poll in 1974, the CSU gained 62.1 per cent. support against 30.2 per cent. for its nearest rival the Social Democrat Party (SPD). The Liberal Free Democrats (FDP)—the third noteworthy political force — barely achieved the 5 per cent. minimum needed to ensure Parliamentary representation.

Success

So the only real question mark over the poll this October is whether, yet again, the previous CSU performance can be surpassed. Herr Gerold Tandler, the CSU general secretary since 1971, cautiously hopes for percentage support "in the 60s" and is visibly aware of the burdens of success. Presumably the trend must change some time. But happy indeed is the party which can view something less than 60 per cent. of voter backing as a setback.

The CSU's success has so long been a political commonplace that little scrutiny is now made of how the success has been achieved. Such explanations as are offered tend to be on these lines.

The CSU exists only in Bavaria—though it sends deputies to the Federal Parliament in Bonn and has a joint Parliamentary group there with its allied party the Christian Democratic Union (CDU) which operates countrywide except in Bavaria. Thus the CSU is automatically identified with the preservation of specifically Bavarian interests against Federal bureaucrats.

There is something in this argument—as all will appreciate who have heard the roar of approval from CSU supporters urged by their leaders to fight so that "Bavaria will stay white-blue." Those are the colours of the noble Bavarian house of Wittelsbach included in the State coat-of-arms, and were around long before the black, red and gold of the Federal Republic's flag appeared on the scene. Nonetheless, while the emotional appeal of such a call is strong it does not of itself explain the party's steady increase in popularity.

It is said that as a conservative party the CSU has been able to rely on the farming vote. But there has been a steady migration of population from the land. Logically this should imply an erosion of CSU support, whereas the opposite has happened.

Then there is the argument that the interests of the Church and the party are closely intertwined in this strongly Roman Catholic State. It is true that a big majority of the party membership is Roman Catholic, but it is also a fact that this proportion has been steadily decreasing.

Finally it is argued that the CSU is the instrument of one man—Herr Strauss. When he goes, then surely the party's success must fade too. That is unlikely. The party will certainly suffer a shock, but when all is said and done the CSU is more than Herr Strauss. It was collecting over 45 per cent. of the State vote before Herr Strauss became chairman in 1961—thanks not least to the efforts of its earlier leaders Dr. Hans Erhard and Dr. Hans Seidel.

Moreover, the CSU stood by Herr Strauss when he was forced to resign Ministerial office in Bonn in the early 1960s—and this support helped him bounce back as Federal Finance Minister only a few years later. If the CSU owes a lot to Herr Strauss, he owes much to the CSU.

Caution

So why the big support? For one thing the CSU has managed to keep credibility by rarely promising on the campaign trail what it cannot produce in office. It knows well enough the innate caution of Bavarian voters—their tendency to look at least twice before they leap and to judge by results not promises. It is also true enough that election promises are easier to keep when economic growth—and Government revenue — is relatively high. But that presupposes State policies which permit such growth to occur.

Furthermore, the party has a decentralised structure (ten regional associations, 111 district associations, and 2,800 local organisations) which allows a lot of autonomy at all levels. The key rule is a minimum both of interference from above and of appeals for help from below.

The party has been able to adapt itself to differing local needs, strengthening its hold on some areas and infiltrating others which were once opposition strongholds. Here it has been helped by the ideological divisions within the Bavarian SPD. Probably the clearest example is in Munich, where SPD in-fighting has just helped make a CSU man Lord Mayor there for the first time in 30 years.

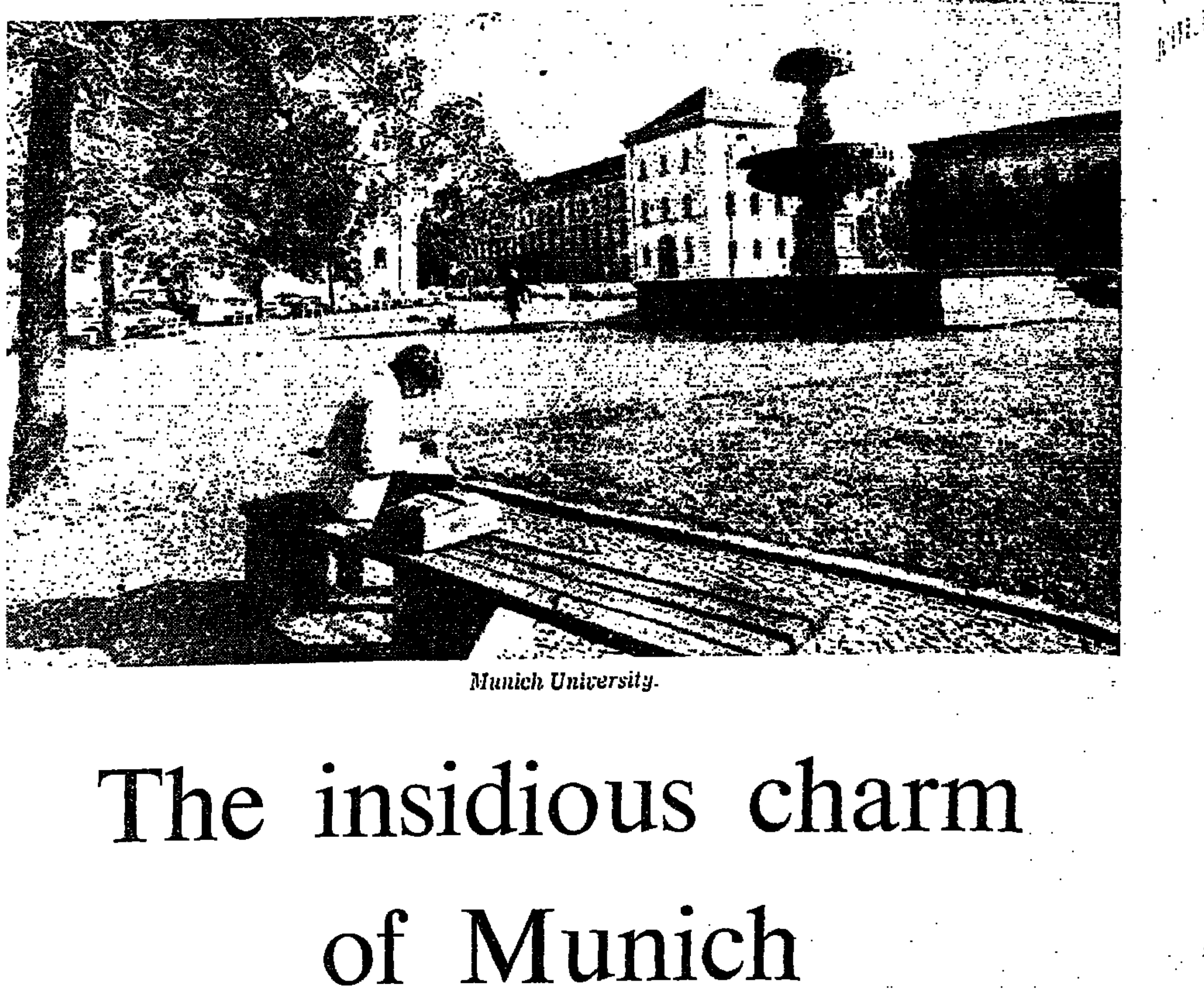
The upshot is that the CSU has become a "peoples party" in the broadest sense. Over a quarter of its members are white collar workers, just under 19 per cent. farmers, 18 per cent. blue-collar workers, 17.5 per cent. self-employed and 15 per cent. civil servants. It is also a relatively young party. About half its members are under 44, and half have joined the CSU in the last five years.

It is clear that CSU matters to Bavaria. But does it matter to the Federal Republic? Could the CSU advance to try to scoop up support beyond the borders of its own State?

This possibility, with which Herr Strauss has long publicly toyed, hangs like a sword of Damocles over all West German Parliamentary parties—not excluding the CSU itself. The CDU-CSU alliance at Federal level has often been a troubled one. For the CSU to move outside Bavaria's borders might bring a break between the two, and a counter-move by the CDU to put up its own candidates in Bavaria.

Yet a CDU-CSU split would also have important implications for the FDP, in coalition in Bonn with the SPD. A CDU freed of attachment to Herr Strauss might become more attractive to many voters who previously supported the FDP. The Liberals, who gained only 7.9 per cent. of the vote at the last Federal elections, would then be in fear of their Parliamentary lives. That would naturally increase the doubts of the SPD about how long it could continue to reckon on its coalition partner.

In short, a CSU move outside Bavaria would probably mean a thorough shake-out in West German domestic politics—which some would feel to be no bad thing. The mere prospect of it has caused a big stir and a re-thinking of strategy. That may after all be the real reason why Herr Strauss has for so long made public his thoughts on the matter.



Munich University.

The insidious charm of Munich

MUNICH HAS insidious charm hard to convey to those who have not already succumbed to it. A cliche like "Germany's secret capital" does not help much. Munich is capital of Bavaria and that, its citizens will tell you, is much more important than being the "secret capital" of anywhere else. Strangers to this city of 1.3m. people may scan their guidebooks, note many pleasant elements but then ask sceptically what is so special. On the face of it they have a point.

Artistically and architecturally Munich is clearly not as rich as Paris—though there are some comparable features. With the creation of broad avenues like Ludwigstrasse, King Ludwig the First of Bavaria did for Munich in the first half of the last century what Haussmann did for the French capital. Munich's Alte Pinakothek Gallery, another contribution of King Ludwig, hardly matches the Louvre—but its collection of Flemish, Italian and German masters alone sets it among the finest in Europe. And Paris might even envy Munich the baroque edifices of the Asani Brothers or the 18th century Rococo interiors of the Walloon, Francois Cuvillies.

In the range of music on offer Munich cannot compete with London, though it is not all Mozart, Wagner and Richard Strauss (Munich's own son) as some might believe. Current Verdi offerings at the Bavarian National Opera include "Otello" and "La Traviata", under the conductor Carlos Kleiber, and are widely hailed as performances unsurpassed anywhere. But of course the German-Austrian repertoire predominates in orchestral music—as in opera—with a strong input of local fare from the Bavarian composers Orff, Hartmann and Egk. Munich has its own Philharmonic, a good band which happens to share the city with an even better one, the Bavarian Radio Symphony Orchestra, built to great heights first under Eugen Jochum and later Rafael Kubelik

What then of the theatre? There is certainly a lot of it from the classics (ancient and modern) at the Kammerspiele and the Residenztheater to the "off-off" shows in Schwabing (an area very loosely described as Munich's Chelsea). But the truth is that the best of it is still below the best Berlin can offer — even though many Berliners have come to Munich to enrich it with their wit and, not least, their satire. On the other hand Munich is ahead of other German cities as a centre for film-making, its talented producers probably led by the prolific Bavarian, Rainer Werner Fassbinder.

Eating

Before or after the theatre there are a lot of restaurants to choose from. You can easily avoid eating Bavarian specialties like hog jowls, dumplings, skewered fish or sausage if you wish (though even the most portly should give them a try). But when all is said and done you will not find the choice of New York. And though there are hundreds of spots to drink —beer cellars, gardens, smoke-filled upper rooms — many Viennese complain that none of it compares with the delights of the "Heurigen" around the Austrian capital (though it is worth noting that the complaint is often made over a beer by Viennese who have chosen to live in Munich).

Can the city be described, then, as rather splendidily second-rate? No, because Munich is much more than the sum of its parts. Those qualities which enrich the mind and the heart—not to mention the palate—do not only co-exist, they interact because the scale of the city allows it. Munich is certainly bigger than the Greek ideal, according to which a man shouting in a city centre could still be heard on the outskirts. But it is still easy to take in almost everything worthwhile on foot. You can almost walk across Munich from north to south through parks (including the famed "English Garden" designed by an American) and along the banks of the River Isar without having to cross a busy highway. Better still, take a big raft at Wolfratshausen to the south—as many do in the summer—and float up to Munich, the best possible way of coming to town.

So the scale is excellent—and so is the geographical position. Munich has lakes and mountains on its doorstep—indeed the peaks seem close enough to touch when the "Foehn" blows, a strong hot wind which sweeps the sky clear (and incidentally causes many in Munich to act more crazily than they do even at Fasching or Oktoberfest time). Then the city is high—500 metres above sea level—so that the distinction between the seasons is sharp and invigorating. Above all, southern Europe is near—and you can feel it. A couple of hours drive takes one to northern Italy: a few hours more to Florence. And the light in Munich on a late summer afternoon playing on the brown and yellow buildings in the city centre reminds one of nothing so much as Tuscany.

All this has an impact on Munich's people. Qualities widely regarded as specifically German are still present. But there is also a greater flexibility, a readiness to live and let live not always found further north.

It would be easy to stop there, leaving a picture of Munich simply as peculiarly civilised and naturally fortunate. But that would be wholly fair neither to the city's past nor to its present. After all Munich really began life some 800 years ago as a market town, owing its growth to the profitable salt trade. Its history is dominated not only by the arts but by men of science too—like Gabelsberger who invented stenography or Oskar von Miller, founder of Munich's industrial and scientific Deutsches Museum. To-day it remains a centre for science through, among others, the Max Planck Institute, the Nuclear Research Centre at Garching just to the north and the Messerschmidt-Boelkow - Blohm company in Ottobrunn to the south-east, whose key activiies include aerospace and modern transport. Munich is also the base of some of West Germany's leading industrial concerns (like Siemens, BMW and Krauss Maffei) and of some of its biggest banks and insurance companies. It is a major trade fair centre and of growing importance for fashion. It was, of course, also the site of the 1972 Olympic Games, an opportunity it grasped with both hands to establish modern sports facilities and to construct an underground railway.

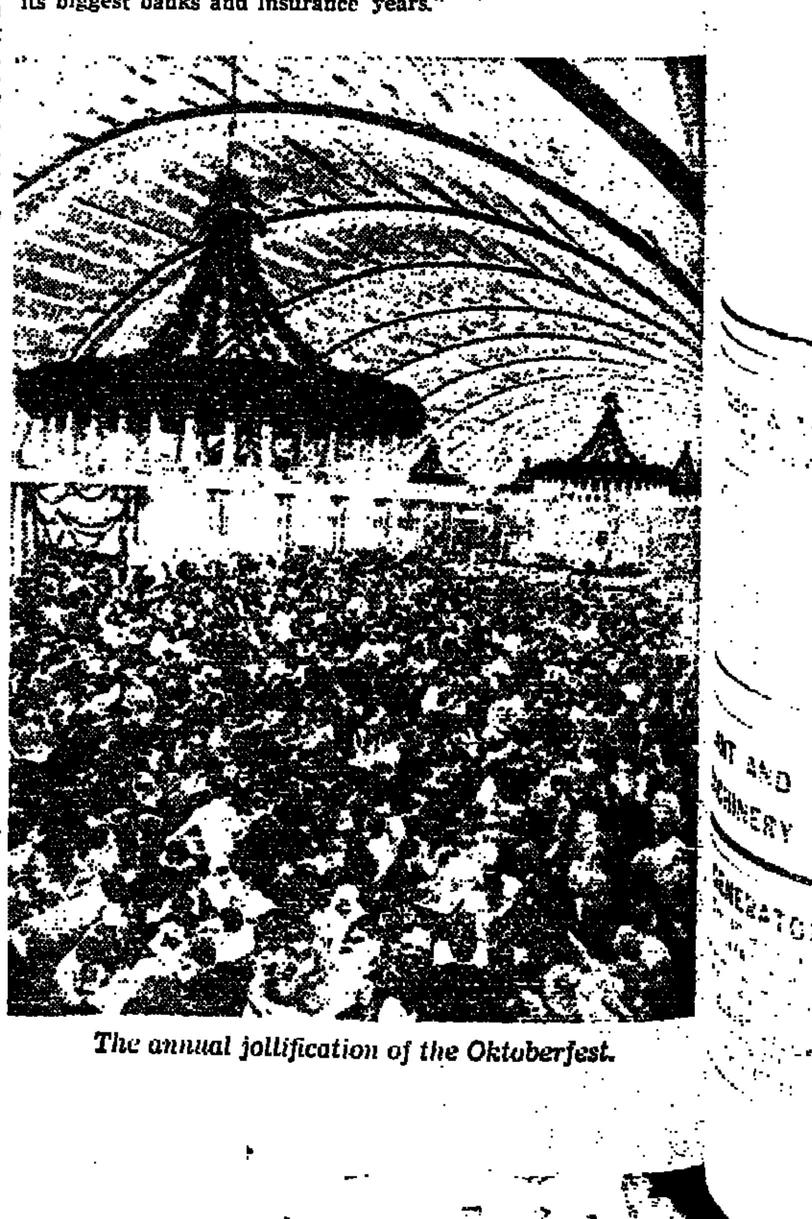
Are there no drawbacks? Indeed there are. Even those who love Munich can be astonished at its apparently infinite capacity for self-admiration. Some bookshops there seem to live handsomely from sales to meet this inclination alone. And the clear opinion of many Munich people that the world is divided into themselves and other "poor fellows" doomed to existence elsewhere can irritate the stranger (even though, privately, he may be forced to agree there is much in the Munich view).

Blotted

While Munich has one of the finest pedestrian-only zones in Germany, it has blotted its copy book by dotting the area with lamps of surpassing ugliness. Further the establishment of an inner ring-road of doubtful value chopped off the edge of one of the city's most delightful restaurants on a corner of the elegant Maximilianstrasse, leaving an unsightly void behind.

There are still areas where old buildings need a good clean, if not renovation. And the extension of the underground railway, desirable in itself, still makes for a lot of inconvenience (currently around the main railway station).

That much must be said to preserve a balance. But it does not eradicate the attraction of a city which has caught and held people as diverse as the writer Thomas Mann, the film-maker Ingmar Bergman—or the amorous, cigar-smoking Countess Reventlow. The experience of the American, Thomas Wolfe, is instructive. Knocked down by a drunken band shortly after arrival, he stayed on and later testified that "Munich almost killed me. But it also presented me with more human experience in five weeks than most men can gain in five years."



The annual jollification of the Oktoberfest.

FARMING AND RAW MATERIALS

Quality tea in better demand

By Our Commodities Staff

BUYING INTEREST switched to the better-quality teas at the London auctions yesterday. Average prices paid for quality teas rose by 5p to 135p a kg, medium qualities gained 7p to 127p, but reduced demand brought a reduction in plain teas from 84p to 82p a kilo.

Tea market sources described the shift to better quality teas as an encouraging sign for producers. Opening up the price "concertina" in this way is said to provide more scope for blenders, who are believed to hold plentiful stocks of plain teas.

Our Calcutta correspondent writes: Weather conditions in north east India still remain unsatisfactory for tea growing. Upper Assam in particular is continuing to suffer from drought.

Tea output to date is about 4m kg behind last year's end April figure of 31.9m kgs.

Taking north and south India together, the crop at the end of April was 6m behind last year's figure of 69.7m kgs.

Meanwhile, the West Bengal Government, which fears *a rise* in prices may bring "cornering" *of stocks* because of the current crop situation, has promulgated an Order asking all dealers to file returns of stocks regularly.

The State's action is a follow up of the central measure which first declared tea to be an essential commodity and then required all dealers in India to register and declare stocks at regular intervals.

Silkin backs Price Commission stance on feed industry

BY CHRISTOPHER PARKES

THE MINISTER of Agriculture has thrown his support behind the Price Commission's recent attack on the lack of competitiveness and openness in the animal feed manufacturing industry.

The Price Commission has been under fire from UKASTA, the feed makers' association, and BOCM-Silcock—the major company singled out for special criticism—since the release of its report on April 21.

But at UKASTA's annual congress in Eastbourne yesterday Mr. John Silkin made it clear that he agreed with Commission's overall assessment of the condition of the feed industry.

There was considerable interest in the Price Commission report, he said, because feed costs affected both the farmers' profits and the ultimate price of food to the consumer.

"I know, of course, that you were *not entirely* content with some aspects of the report, and it is your right to put on record *any points of fact or emphasis* on which you disagree," Mr. Silkin said.

"But I am sure you will want to respond to any criticisms in a constructive spirit. What we all of us want to see is a strong, viable, competitive industry, giving the best possible service to farmer and consumer—and being seen to do so."

The Price Commission complained of "insufficient price competition," partly fostered by BOCM-Silcock's loyalty discount scheme, and suggested that price lists and information about terms and discounts should be published so farmers could make better comparisons between the terms of the different feed companies.

Mr. Silkin also sounded an early warning about the state of British cereal crops this year. He said the cold, wet weather had seriously delayed growth.

This season, wheat plantings had returned closer to the levels seen in 1975 and 1976 with less barley planted. But last year's heavy barley crop had been handled well. Exports had been "pleasingly high" and only a "minimal" quantity of grain had been sold into intervention.

Copper up on Zaire fighting

By John Edwards, Commodities Editor

COPPER PRICES advanced on the London Metal Exchange yesterday, reacting to reports of fighting in Zaire around the mining town of Kolwezi.

The market was also boosted by a larger than expected fall of 7,925 tonnes in copper stocks held in the LME warehouses. This decline reduced total warehouse stocks to 543,550 tonnes.

Another fall in tin stocks—down by 180 tonnes to 2,215 tonnes—was in line with expectations. But a decline in Penang prices over the weekend, and reports of new moves in Congress aimed at releasing surplus tin from the strategic stockpile, kept the London market under pressure.

A House armed services subcommittee approved a Bill last night to release 30,000 tonnes of stockpile tin, in addition to the 5,000 tonnes intended to cover the U.S. contribution to the International Tin Council's buffer stock.

It is thought that tying the 30,000 tonnes proposal in with the buffer stock contribution, required by the Administration, will bring quicker Congressional action.

A fall in lead stocks of 2,350 tonnes, cutting total holdings to 59,150 tonnes, was rather more than expected. Zinc stocks fell by 475 to 61,400 tonnes, while LME silver holdings declined by 260,000 to 17,860,000 ounces.

Taiwan was reported to have bought 2,000 tonnes of tin at its metals buying tender last week.

But it cut purchases of zinc 3,500 tonnes, against an original request for 26,600 tonnes, and also rejected offers of 40,000 tonnes of copper and 15,000 tonnes of lead because prices asked were considered too high.

FARM PRICE REVIEW

The squeeze continues

BY MARGARET VAN HATTEM, IN BRUSSELS

THE 2.25 per cent average rise in EEC farm prices for 1978-79, agreed by the Council of Ministers last week, continues the squeeze to which the Agriculture Commissioner, Mr. Finn Olav Gundelach, is committed. Last year, the increase was held to 3.5 per cent, compared with 7.5 per cent the year before and 10 per cent before that.

The Commission no longer believes in price "freezes." Past experience has convinced it that they lead inevitably to much higher prices the following year. But it hopes to continue a slow, steady squeeze for several years.

This year's agreement, including other measures indirectly affecting prices, includes the following main points:

Green currencies: A 6 per cent devaluation for Ireland (cutting its MCA to −3.9 from −10.7), a 5 per cent devaluation for Italy (to −12.3 from −18.4), a 3.6 per cent devaluation for France in 1978-79 (to −11.8 from −16) followed by another 3.6 per cent *in 1979-80*, and a 0.9 per cent revaluation for Germany (to +7.2 from +7.5).

The decision on a French devaluation a year in advance is not binding—the French may seek further adjustments in the interim depending on foreign exchange movements—but provides a legal means of giving the French an immediate 7.2 per cent devaluation on pigmeat alone—a precedent conceded only reluctantly by Britain.

Milk, together with wine, produced the biggest fights, with Belgium well to the fore. But the Commission held fast on prices. The intervention price for butter is set at 2,357.2 units of account a tonne, an increase of 2.07 per cent against the Commission's proposed 1.9 per cent. Milk powder goes up to 957.8 ua a tonne (up 1.8 per cent against the proposed 1.6 per cent) and the target price for milk goes up to 177 ua a tonne—up 2 per cent as proposed.

The Commission was less successful on the related measures. The co-responsibility levy on milk is cut to 0.5 per cent of the target price from 1.5 per cent, backdated to May 1, and looks like being dropped altogether in the future. It has been a bit of a flop from the start, as no one has worked out what to do with the money. Since it does not affect consumer prices, no-one will be really sorry to see it go.

More significantly, the proposal to suspend intervention buying *of skimmed milk powder* during the winter months was thrown out.

*The beef conversion and non-*marketing premium schemes for dairy farmers quitting milk are expanded, though less than the commission wished.

All butter subsidy schemes have been expanded. The special U.K. subsidy is extended by three months, and 50m ua have been set aside for subsidies for under-privileged consumers.

The above measures, as Mr. Gundelach pointed out last week, *do not go nearly far enough* in view of the current butter and milk powder surpluses. A comprehensive review of the whole dairy industry is planned for September. This could lead to a Commission appeal for tougher measures in next year's price review.

The Commission is loathe to take action to cut production, preferring to stimulate butter consumption and cheese exports, to encourage use of milk powder for animal feed, and to bribe farmers to get out of dairying.

The plans to suspend support buying of skimmed milk powder will almost certainly be resurrected and, if all else fails, the threat of quotas no doubt will be trotted out.

Cereals: The German demand for a 3.5 per cent increase in average cereal prices was knocked firmly on the head, but the proposed cuts in rye and durum wheat prices went out the window. Rises in intervention prices are as follows: Common wheat 121.57 ua a tonne (up 1.25 per cent) against the proposed 1.26 per cent); durum wheat 203.01 ua a tonne (unchanged, against a proposed 3.59 per cent cut); rye 130.25 ua a tonne (up 1 per cent against nil); barley 121.57 ua a tonne (up 1.26 per cent as proposed; maize 121.57 ua a tonne (up 3 per cent as proposed) and paddy rice 174.98 ua a tonne (up 2 per cent against nil).

Sugar: Here also, the Commission relaxed, and the intervention price for white sugar was set at 334.96 ua a tonne, up 2 per cent against the proposed 1.16 per cent.

More significantly, it failed to get the "B" quota (eligible for smaller export refunds than the "A" quota) down to 20 per cent of the "A" quota from 35 per cent, compromising on 27.5 per cent.

Meats: The intervention price for beef cattle was set at 1133.7 ua a tonne (up 2.5 per cent against the proposed 1.25 per cent) but the commission succeeded in getting through proposals for occasional suspension of intervention buying.

Since beef surpluses are mainly cyclical, it is hoped to deal with them by bending the intervention system and the quality criteria.

The basic price for pigmeat is increased to 1,266.04 ua a tonne (up 2 per cent against the proposed 3 per cent). The council agreed to adjust the technique for calculating MCAs on pigmeat, basing them on 78 per cent of the basic price compared with 85 per cent at present. France, Italy and the UK wanted the MCAs based on 70 per cent.

This will hit Dutch, Danish and German exporters of bacon, ham and fresh pork. Their ministers protested strongly, but the change does not go far enough for the UK, France and Italy. The commission has promised to re-examine the question later in the year.

Brazil coffee crop hit by drought

BY SUE BRANFORD — SAO PAULO, May 15.

This YEAR'S Brazilian coffee crop will be down by at least 2m bags (60 kilos each), owing to the prolonged drought in Parana and Sao Paulo. This information was given by Camilo Calazans, President of the Brazilian Coffee Institute. The new Crop estimate is 17.5m to 18m bags.

The worst-affected state is Parana, where only 3.9m bags are now expected, compared with an initial estimate of 5.5m. The coffee is producing low yieds when it is shelled, because of insufficient bean formation due to the drought.

The farmers claim that the drought will prove much more destructive for next year's harvest. Many of the Parana farmers believe that its impact will prove just as harmful as the frost in 1975.

Luis Suplicy Haffers, a Parana farmer, eplained: "The effect of the drought is slow, insiduous and etremely difficult to estimate. It is quite different from a frost, which 'burns' the plantations overnight, in a single blow, but from which, from the next day onwards, the business begin to gradually recover."

He and other farmers are predicting a 50 per cent reduction in next year's harvest in Parana, and an even greater cutback if the drought continues.

Sr. Calazans said that this year's reduction will probably mean that Brazil will have to abandon its original plan of exporting 1m. bags per month throughout the year.

In Washington, meanwhile, the U.S. Department of Agriculture said Colombia's 1977-78 coffee crop is estimated at 588,000 tonnes (9.8m bags), reports Reuter.

This is 5 per cent higher than the 1976-77 record of 9.3m bags, reflecting generally favourable weather, better farm mangement, and greater use of high-yield varieties.

Legal coffee exports could total 7m. bags against 5.3m in 1976-77, it said.

Record Indian wheat crop expected

WASHINGTON, May 15.

INDIA'S 1978 wheat crop will be a record 31m to 31.5m tonnes, 7 to 8 per cent higher than 1977's record 29.08m tonnes, according to U.S. Agricultural Department field reports from New Delhi.

Total foodgrain output is estimated at 123-135m tonnes, 10 to 12 per cent higher than last year's 111.5m tonnes.

Wheat imports for 1978-79 are forecast at 200,000 tonnes, sharply down from 5.06m tonnes in 1976-77, but about equal to 1977-78's onturn.

Wheat exports in 1978-79 are expected to total 1.45m tonnes, including a 1m-tonnes repayment to the Soviet Union, 400,000 tonnes to Vietnam and 50,000 tonnes to Afghanistan.

Reuter

BRAZIL MAY BUY U.S. SOYABEANS

WASHINGTON, May 15.

Brazil may import 200,000 to 300,000 tonnes of U.S. soyabeans to fill excess crushing capacity resulting from this year's short crop, a U.S. Agriculture Department field report from Sao Paulo said.

If the 1978 soyabean crop is near 9.7m tonnes, the 1978-79 crush without imports should be about 8m tonnes, compared with 8.7m last year.

Reuter

Concern over Norwegian fish stocks

BY FAY GJESTER

STOCKS OF North Sea herring and mackerel and Barents Sea capelin are all threatened by over-fishing, Norwegian Marine biologists believe.

They have urged the Fisheries Ministry to act immediately to reduce catches of capelin and mackerel, and to extend for a further year the temporary total ban on fishing for Atlanto-Scandinavian herring.

The curbs recommended include a 50 per cent. cut in the joint EEC-Norwegian mackerel quota, at present 190,000 tonnes. This would have to be agreed with the EEC.

The 190,000-tonne quota is already one-third lower than last year's.

A senior Fisheries Ministry official would not speculate about the chances of getting EEC agreement to halve the mackerel quota.

If nothing effective was done this year, mackerel fishing might have to be totally banned next year, he said.

If the recommended terms are enforced, it will mean several spells of enforced idleness for part of the Norwegian fishing fleet. The National Executive of the Norwegian Fishermans' Association is meeting later this month to discuss the situation.

Meanwhile, Gunnar Saetersdal, head of the Norwegian Marine Research Institute, has denied allegations by a Danish MP that Norwegian marine biologists have suppressed facts about damage to fish stocks resulting from last year's Ekofisk blow-out.

The MP, Progress Party representative Uwe Jensen, says Danish fishermen have told him that fishing banks east of Ekofisk, where the Danes usually take large catches of sand-eel, have yielded hardly anything this year.

On the other hand, 25,000-tonnes of sand-eel were caught last autumn much further south than usual, indicating that the fish, which were not poisoned by the oil spill, had been driven southward, away from their normal grounds.

Jensen wants the Danish Government to investigate, and says he suspects that Norwegian scientists have been "keeping their mouths shut" about damage to marine life following the spill.

Saetersdal described the charges a "complete invention." Research into the effects on marine life of pollution from North Sea oil activities had shown "no disturbing trends," he said.

Cheap loans for Danish fishermen

By Hilary Barnes

COPENHAGEN, May 15.

DANISH FISHERIES Minister, Svend Jakobsen, has responded to fishermans' demands for larger fisheries quotas and financial assistance, by offering them loans on favourable terms.

They will be able to obtain 10-year loans at 5 per cent with a two-year grace period. The total amount available for the loans will be DKr 50m (£4.8m).

Mr. Jakobsen has also offered a total in loans of DKr 25m to fishermen who will lay up their vessels for an initial period of 90 days and then for further periods of at least a month at a time.

Last week Danish fishermen used their vessels to blockade 20 Danish ports in a protest against quota cuts in the Baltic.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained ground in active trading on the London Metal Exchange. Reports of fighting in Zaire coupled with a slightly larger than expected fall in warehouse stocks saw forward metal rise to £718 on the pre-market. This level attracted profit-taking, however, and the price dipped to £714.5 in the second ring before rising afresh to £716 on the kerb. In the afternoon values hardened with forward metal touching £720 following a firmer opening on Comex before easing back to close at £719 on the late kerb. Turnover, 20,325 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £697, 96.5, 90, three months £715, 15.5, 16, 17, 16.5, 16, 15, 14.5. Kerb: Wirebars, three months £716, 15.5. Afternoon: Wirebars, three months £718, 18.5. Kerb: Wirebars, three months £718, 17.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	695.5-6	+1.25	699.5-700	+6
3 months	714.5-5	+2.5	718.5-9	+7.5
Settl'm'nt	696	+1	—	.....
Cathodes				
Cash	685.5-8.5	+1.5	690.5-1.5	+5.5
3 months	704.5-5.5	+2.25	709.5-10	+7.5
Settl'm'nt	686.5	+1.5	—	.....
U.S. Smt	—	.....	64	.....

TIN—Barely changed. Forward standard metal was marked down to £6,300 on the pre-market owing to the fall in the Penang price over the week-end. Reports that Taiwan had purchased 2,000 tonnes of tin then lifted the price to £6,360 but thereafter it drifted owing to profit-taking and closed at £6,320 on the late kerb. Turnover, 1,330 tonnes.

Morning: Standard, cash £6,405, £6,400, three months £6,360, 70, 65, 60, 50, 40, 35, 40, 35. High Grade, cash £6,410, £6,400. Kerb: Standard, three months £6,340. Afternoon: Standard, cash £6,390, 80, three months £6,350, 45, 40, 30, 25. Kerb: Standard, three months £6,320.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6390-400	—37½	6370-80	—2½
3 months	6335-8	+4	6335-45	+17½
Settlem't	6400	—35	—	.....
Standard				
Cash	6390-400	—19	6370-80	—5
3 months	6335-8	+18	6320-5	+10
Settlem't	6400	—15	—	.....
Straits E.	151625	—15	—	.....
New York	—	.....	—	.....

LEAD—A shade firmer in quiet trading and mainly reflecting the steadiness of copper, although the fall in warehouse was said to be marginally more than anticipated. Forward metal opened at £302 and touched the day's high of £305 at the start of the afternoon before easing back on the kerb to close at £303.5. Turnover, 4,400 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	293.5-4.5	+.75	295-.5	+1.5
3 months	303-.5	+2	304-.5	+2
Settl'm'nt	294.5	+1	—	.....
U.S. Spot	—	.....	31-33	.....

Morning: Three months £304, 3, 3.5, 4, 3.5, 3, 3.5. Kerb: Three months £303.5. Afternoon: Three months £305, 4.5.

ZINC—Firmer. Value hardened in line with the trend in copper and lead, with forward metal trading within narrow [illegible]

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
E. Kodak	$40	16½	—	18½	—	18¾	—	$54¾
E. Kodak	$45	9¾	14	10½	15	11¼	—	..
E. Kodak	$50	5⅞	52	7⅝	45	7⅞	26	..
E. Kodak	$60	1½	10	3	6	3¾	20	..
GM	$50	13¾	—	15½	1	14¼	—	$63⅛
GM	$60	4¾	3	5⅜	5	6	—	..
GM	$70	⅝	—	1⅛	—	1¾	—	..
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		May		August		November		
BP	700p	—	—	—	—	—	—	862p
BP	750p	—	—	—	—	—	—	..
BP	800p	—	—	—	—	—	—	..
GEC	200p	—	—	—	—	—	—	255p
GEC	225p	—	—	—	—	—	—	..
GEC	250p	—	—	—	—	—	—	..
GEC	275p	—	—	—	—	—	—	..
ICI	300p	—	—	—	—	—	—	355p
ICI	325p	—	—	—	—	—	—	..
ICI	350p	—	—	—	—	—	—	..
ICI	375p	—	—	—	—	—	—	..

PLANT AND MACHINERY

PUBLIC NOTICES

CENTRAL REGIONAL COUNCIL
£2m. Bills issued 10.5.78 at 8 27/64% to mature 9.8.78. Total applications £21m. Total outstanding £5m. This replaces the notice shown on Wednesday, 10th May, 1978.

LOCAL AUTHORITY BILLS
Council: Central Regional Council Bills £3,000,000 issue date 10th May, 1978, maturing 8th November, 1978, at 8¼%. Applications totalled £6,000,000 and there are £5,000,000 Bills outstanding.

EXHIBITIONS

BUXTON ANTIQUES FAIR, Pavilion Gardens, Buxton. May 13-20 Dly. (inc. Sun.). 11.30-9 p.m.

SILVER

[illegible]

COCOA

[illegible]

JUTE

[illegible]

COFFEE

COFFEE	Yesterday's Close (£ per tonne)	+ or —	Business Done
May	1630-1631	+3.0	1635-1615
July	1470-1473	+15.0	1473-1445
[illegible]	[illegible]	[illegible]	[illegible]

Sales: 1,[illegible]. ICO Indicator prices [illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) £98.50 (£99.00) a tonne cif for May-June shipment. White sugar daily price was fixed at £105.00 (same).

With Continental markets closed for the Whitsun Holiday, quiet conditions prevailed and fluctuations were contained within narrow limits. [illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

Jamaican: 5.50-6.50. Lemons—Italian: 100/120's 3.60-3.80, new crop 4.50-5.00; Spania: Small trays 25/50's 1.60-1.80; South African: 88/195 5.00-5.50. Grapefruit—Cyprior: 15 kilos 2.00-3.00; 20 kilos 3.20-3.80; S. African: 40/48's 3.00; Jaffa: 20 kilos 3.00-3.00. Apples—French: Golden Delicious 20 lbs 84's 3.00-3.10, 72's 3.20-[illegible] 0.90-1.00; Hungarian: Per bundle 0.65.

English Produce: Potatoes—Per 56 lbs. Whites Reds 2.20-2.40. **Lettuce**—Per 12 1.40, Cos 1.40. **Beetroot**—Per 28 lbs 1.50. **Carrots**—Per bag 0.50-1.40. **Parsnips**—Per 28 lbs 1.20-1.20. **Onions**—Per 56 lbs 3.00-3.50. **Swedes**—Per 28 lbs 0.50-0.60. **Rhubarb**—Per pound, outdoor 0.05-0.08. **Cucumbers**—Per tray 12/24's 1.80-2.50. **Mushrooms**—Per pound 0.40-0.50. **Apples**—Per pound Bramley's 0.11-0.17. **Pears**—Per pound Conference 0.13-0.15. **Tomatoes**—Per pound English 0.25. **Greens**—Per crate, Kent 0.80. **Cauliflowers**—Per 12 Lincoln 1.30-1.40, Kent 1.40-1.50. **Celery**—Per 12/18 3.20-3.60.

VEGETABLE OILS

LONDON PALM OIL—Closing: May 300.00-30.00, June 300.00-30.00, July 300.00-30.00, Aug. 300.00-30.00, Sept. 290.00-330.00, Oct. 290.00-320.00, Nov. 280.00-315.00, Dec. 250.00-310.00, Jan. unquoted. Sales: Nil.

Philippines sugar subsidy

MANILA, May 13.

PRESIDENT Ferdinand Marcos of the Philippines has said his Government was losing between 400m. and 500m pesos (between $54.6m. and $68.4m.) a year in subsidies to sugar producers.

Addressing sugar planters in Negros province, the Philippines' main sugar area, Mr. Marcos said the losses were being incurred by the Government because it bought sugar from producers at a subsidised price of 90 pesos a picul.

At present world market prices, Mr. Marcos said, the more realistic price would be 80 pesos.

However, to prevent a collapse of the industry, Mr. Marcos said, the Government would continue paying producers the same price. He said he had also authorised the industry's acquisition of a sugar bank, to be capitalised initially at 300m. pesos ($41m.), which the Government would help finance.

PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

* Nominal. † Unquoted. z May-June. t May-Aug. y May-July.

FINANCIAL TIMES

May 16	May 12	Month ago	Year ago
245.58	243.61	242.27	269.77

(Base: July 1, 1952=100)

REUTER'S

May 15	May 12	Month ago	Year ago
1461.1	1458.7	1451.0	1679.5

(Base: September 18, 1931=100)

DOW JONES

[illegible]

MOODY'S

[illegible]

GRIMSBY FISH—Supply good, demand good. Prices per stone at ship's side [illegible]

U.S. Markets

Rally by copper and cocoa

NEW YORK, May 15.

PRECIOUS metals rallied on the news that India plans to lift restrictions on gold imports. Copper rallied on armed conflict in Zaire. Cocoa rallied on light arbitrage and Commission House buying and sugar closed on a steady tone following renewed industrial pricing and speculative short-covering, Bache reported.

[illegible]

STOCK EXCHANGE REPORT

Gilts anticipate April's turnround in trade balance

Longer maturities up £1—Equities lack follow-through

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 2	May 11	May 12	May 23
May 15	May 25	May 26	Jun. 7
May 30	Jun. 8	Jun. 9	Jun. 20

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Pride of place in stock markets yesterday went to British Funds of a longer maturity. Leading equities were relegated in the absence of any lasting follow-through demand as the funds extended opening gains on increasing enthusiasm that last month's trade balance would be in sizeable surplus. This was made factual at the 3.30 p.m. close and the announced figure of a £336m surplus, at first glance, gave fresh impetus to the advance.

A detailed breakdown of the factors assisting the unexpectedly large surplus eventually clipped the rises in Gilt-edged, and led to a softer tone in the equity leaders, but the longer funds still closed a full point higher on the day, while the shorts were ½ or so better.

Beginning at Friday's enhanced levels, industrials found some support but in the case of first-line stocks it was countered by selling and recent institutional buyers gradually lost interest. A downdrift ensued before inquiries revived again ahead of and after the official news of April's trade outcome, but in the late after-hours' business prices were turning off again.

Measured by the FT Industrial Ordinary index, the market was only 0.6 off at the 10 a.m. calculation, 5.5 lower at 2 p.m. and finally 3.3 easier at 485.0. Resilience in many secondary issues allowed rises to achieve a 7-to-2 majority over falls in FT-quoted Industrials and the broader-based FT-Actuaries All-share index to end narrowly higher at 218.52.

Long Gilts good

Hopes that the new level of interest rates would hold coupled with optimism about the April balance of trade encouraged support of longer-dated Gilt-edged stocks. The demand was relatively small but aided by speculation that the Government broker had refused bids at a discount for the long tap, it brought sharp gains which extended to 1¼ points after the trade figures had been released officially at 3.30 p.m. Clarification as to how the unexpectedly good improvement in trade was achieved aroused some sceptism and in the late business quotations faded from the best to finish around a point higher. The shorter issues were checked by the presence of a new tap, in which first-time dealings will begin on Friday, but still managed rises of ¼, although these were being eroded very late in the day. Illustrating the revived firmness, the FT Government Securities index, 0.45 up at 71.47, recorded its best rise since February 16. Corporations joined in the movement with gains to ¾ and the recently-issued Tyne and Wear 12 per cent 1986 scrip regained ½ to par in £10-paid form.

Traded Options again attracted a fair amount of interest, the number of contracts 'done, 781, being the second highest since business started. Courtaulds were again prominent with 159 transactions, while ICI and Land Secs. were next with 142 and 122 respectively. The BP 900 series which started yesterday were busy, particularly the July position in which 58 trades were done.

A little more business than of late developed in the investment currency market helped by the trade figures. Some offerings of the premium were not quite matched by off-take, however, and the rate closed ¼ down on balance at 109¼ per cent after trading between 109 and 110 per cent. Yesterday's conversion factor was 0.6825 (0.6827).

ANZ better

Small irregular price movements were the order of the day among the major clearing banks following a thin trade. Midland hardened 2 to 380p but Lloyds cheapened that much to 290p. NatWest, at 292p, held on to last Friday's rise of 4 which followed news that the group is to buy control of the National Bank of North America for $300m. Australian issues were firm in sympathy with their domestic markets. Higher interim profits additionally helped ANZ rise 9 to 279p, while further consideration of last Friday's half-year results left Bank of New South Wales up 12 more to 512p. With the exception of Hambros, which relinquished 3 to 190p, Merchant Banks made modest progress. Guinness Peat, 240p, and Schroders, 414p, rose 4 apiece and Leopold Joseph added 5 to 165p. UDT hardened 2 to 40p among quietly firm Hire Purchases.

Insurances firmed late in line with markets generally. London United put on 4 to 168p as did Prudential, to 160p, the latter following news of the scheme of arrangement which includes the formation of a new holding company. Willis Faber added 5 at 270p and Matthews Wrightson hardened 3 to 195p. C. E. Heath held firm at 265p awaiting to-day's preliminary figures.

Breweries were idle and little changed with Vaux improving 2 to a 1978 peak of 118p in belated response to the interim figures.

Buying interest in Buildings slackened ahead of the trade figures, but the firm tendency was generaly maintained. AP Cement remained dull however, easing 4 to 259p. Elsewhere, Phoenix Timber rose 8 to 168p in a thin market and P. C. Henderson "A" firmed 5 to 74xd, the latter still on the second half profits recovery. Improved profits prompted a rise of 3½ to 33p, after 34p, in French Kier, while M. J. Gleeson put on 2 to 48p in front of interim figures due tomorrow, and Cakebread Robey "A" remained steady at 23p ahead of today's preliminary results.

Initially dull at 358p on bearish estimates for the first quarter profits due on May 25, ICI recovered in late dealings to close 2 higher on balance at 363p. Fisons hardened 9 to 374p. Laporte added 5 to 107p xd while small buying in a thin market left William Ransom 5 dearer at 185p.

Ladies Pride up

Secondary issues provided the main focal points in the Stores sector. Press comment drew buyers' attention to Freemans which rose 6 to 318p and Ladies Pride, 4 higher at 40p, while John Menzies closed 3 to the good at 163p for a similar reason. NSS Newsagents hardened 2 to 119p in response to the higher interim profits and proposed scrip-issue and Vernon Fashion continued to draw strength from recent excellent results, closing a further 11½ better at 139p xd. Greenfield Millets added 3 at 51p and Foster Bros. gained 4 to 109p. Following the Board's strong rejection of Mooloya's bid worth 20p per share and accompanying details of the property deal and revaluation, dealings were resumed in Customagic at 20p compared with the suspension price of 19½p and, after touching 22½p, the shares closed at 21½p. The leaders closed firm but below the best with the exception of Mothercare which ended 4 better at 172p xd. Shoes closed firmer throughout. Press-inspired gains of a penny were respectively recorded in Ward White, 76p, and K, 61p, while Headlam Sims put on 2 to 39p and Stylo 3 to 56p.

Although business in Electricals remained at a low ebb, the trend was to higher levels. Newman Industries stood out at 93p, up 5 more on good results, while GEC, 258p, and MK Electric, 173p, put on 4 apiece. Automated Security moved up 6 further to 82p, but Philips' Lamp shed 20 to 880p.

Some useful gains were recorded among secondary Engineerings. Martonair International rose 6 to 170p as did Davy International, to 250p, while Averys, 159p, Birmingham Mint, 78p, and Williams and James, 78p, all closed 5 higher and Spirax Sarco advanced 7 to 278p. W. G. Allen (Tipton) edged forward 2 to 48p on the disclosure that Brockhouse, 3½ dearer at 66p, had acquired a 14.18 per cent stake in the company. Whessoe hardened a penny to 90p following Press comment but news that Aurora had gained control of Samuel Osborn through market purchases left both unaltered at 94p and 90p xd respectively. Apart from GKN which declined 3 to 280p, after 279p, the leaders were harder with Tubes up 4 at 370p. In Shipbuilders, Swan Hunter rose 4 to 142p and Yarrow added 7½ to 270p xd.

Foods spent another quiet session. Rank Hovis McDougall were marginally dearer at 53p in front of today's interim statement, while bid speculation lifted Raksen Group 2 to 10p and Robertson Foods 4 to 151p. Cullen's Stores were also popular, the Ordinary and A both closing 5 better at the common price of 103p.

Hotels and Caterers were widely better. Savoy A closed 3 higher at 73p ex the scrip issue, while Old Swan Hotel (Harrogate) rose 7 to 44p in a thin market on the increased earnings and capital proposals. Small buying in anticipation of today's interim report left Reo. Stakis 3½ harder at 41p, but Wheeler's Restaurants, at 335p, gave up 10 more on a bid denial.

Avon Rubber wanted

Miscellaneous Industrial leaders had drifted lower from a firm start and were standing around opening levels at 3.30 p.m. when publication of the April UK trade figures prompted a fresh upward movement which left prices firmer for choice. Pilkington stood out with a gain of 10 to 495p, while Rank Organisation finished 6 to the good at 256p, after 258p. Beecham moved between extremes of 666p and 660p before closing 2 up on balance at 664p and Glaxo ended 3 to the good at 583p. In front of today's first-quarter figures, Unilever touched 526p before finishing 2 easier on balance at 522p. Elsewhere, British Vita, 86p, and Caravan International, 83p, rose 5 and 3 respectively in response to Press comment and Letraset hardened 2 to 136p for a similar reason. Dunbee-Combex gained 5 to 136p following the results and Alpine Holdings edged forward 2 to 59p, after 61p, in response to the doubled annual profits. Buying ahead of the interim figures, due on May 24, left Avon Rubber up 6 more at 212p, while Brown Boveri Kent advanced 3½ to 54p xd on the disclosure that the National Enterprise Board is increasing its stake from 17.65 per cent to 20 per cent through the Market. ICL were in demand again at 290p, up 8, and Hays Wharf were notable for fresh rise of 7 at 143p. Redfearn National Glass, at 278p, recovered 6 of the ground recently lost following the Monopolies Commission veto of the bids from Rockware and United Glass. North Sea oil stock IC Gas advanced 10 to 373p and Foseco Minsep added 4½ to 165p xd.

Motors and Distributors made fresh progress under the lead of Lex Service which rose 3 to a 1978 peak of 85½p. Wilmot-Breeden hardened 2 to 74½p, while gains of 4 were seen in Lucas Industries, 318p, Dowty, 198p, and Associated Engineering, 125p. Appleyard rose 2 to 96p for a two-day gain of 8 on the chairman's statement at the annual meeting. Commercial Vehicles provided contrasting movements in ERF, 5 better at 112p, and Peak Investments, a penny off at 8½p; the latter on the first-half profits setback and dividend omission. Dunlop were also notably dull at 79p, down 3.

In Newspapers Thomson closed 3 better at 275p, after 278p, in further response to the annual report. East Midland Allied Press "A" added 2 to 92p. Associated Book Publishers, 180p, and W. N. Sharpe, 157p, put on 5 in thin markets. Among Paper/Printings, Bunzl shed 3 to 98p on adverse Press comment ahead of the annual results due today.

Properties firm

Properties encountered further good demand that continued into late dealings. Leading issues to extend gains after hours included Land Securities, 5 firmer at 213p and MEPC, 4 up at 123p. English Property, initially steady, rose 2 to 40p and Stock Conversion closed 10 higher at 242p. In secondary issues, Berkeley Hambro put on 8 to 103p, Chesterfield had a rise of 7 to 290p and Bernard Sunley finished 4 better at 196p. Land Investors improved marginally to 40p ahead of today's interim figures, while Evans of Leeds added 4 to 93p in a thin market. Greencoat rose 1½ to 7½p following Friday's announcement of agreed compensation from the French government regarding the loss of building permits.

Oils passed a relatively quiet session in which leading issues fluctuated narrowly before closing with marginal improvements. British Petroleum firmed 4 in late dealings to 868p and Shell a couple of pence to 576p. Australian Oils moved ahead in response to firmer Australian advices; Weeks Natural Resources rose 33 to 185p and Woodside 4 to 71p.

Overseas Traders contributed their fair share of firm spots. Tozer Kemsley responded to Press comment with a rise of 4 to 55p, while Hong Kong and Kowloon Wharf advanced 8 to 320p on news of the company's involvement in a major project in Kowloon. Inchcape moved up 5 to 440p and S. and W. Berisford 6 to 129p.

Capital issues made the running in a firm Investment Trust sector. City and Commercial rose 6 to 108p, while M. and G. Dual, 112p, and Triplevest, 144p, closed 5 higher. M. and G. Second Dual hardened 1½ to 21p. Elsewhere, 1928 Investment rose 6 to 212p xd for a two-day gain of 7 on the results and capital proposals. R. Kitchen Taylor featured Financials with a jump of 12 to 75p on further consideration of the company's move to acquire the outstanding shares of RKT Textiles. S. Pearson advanced 8 to 210p in response to investment demand, while revived speculative interest lifted West of England Trust 2½ to 52½ and Fitzroy Investment 3 to 13p.

Lofs came to the fore in Shippings, rising 2½ to 35½p on a revival of speculative interest; the preliminary results were announced on June 16 last year. Furness Withy edged forward 2 to 277p in front of today's preliminary figures, but P. & O. Deferred gave up a like amount at 96p xd following adverse Press comment.

Tern-Consulate continued firmly in Textiles, rising 3 to 37p for a two-day Press-inspired gain of 9. Sustantially higher earnings lifted Hield Bros ½ to 13p, but Coats Patons finished marginally easier at 83p in front of today's preliminary figures. Courtaulds were also dull at 127p, down 4.

Highlands and Lowlands stood out in Rubbers with a gain of 8 to 105p.

Australians advance

Australians held the stage in an otherwise subdued mining market. A strong performance in overnight Sydney and Melbourne markets was followed by a good demand here and prices moved ahead across a broad front.

Pancontinental featured with a further half-point improvement to a 1978 high of £12 on further consideration of the Government's decision to set the conditions for the building of the main access highway to the mining area.

The other major uranium prospect, Peko-Wallsend, advanced 18 to 450p in sympathy. Ocean Resources, which owns leases adjacent to Jabiluka, hardened 2 to 19p, while Mid-East Minerals put on 4 to 32p reflecting its holding in Pancontinental.

Continued speculative buying lifted Paringa Mining and Exploration 8½ more to 30p—the shares have risen around 13p over the past four trading days. Newmetal Mines also attracted speculative interest and closed another penny up at a high of 6½p.

Further consideration of the closure of the loss-making Queensland Phosphate mine saw BH South put on 3 more to a high of 84p. Other base-metal producers to show good gains included Hampton Areas, 6 higher at 126p, MIM Holdings, 4 better at 185p, and Western Mining, a similar amount to the good at 120p.

A lone weak spot in the section was Tasminex, which dropped to 75p at one point owing to profit-taking before rallying to close 5 lower on balance at 80p.

In contrast with Australians South African Golds and Financials remained neglected despite the firmness of the bullion price, which was finally 75 cents better at $175.375 per ounce.

Heavyweights moved narrowly but in the lower-priced issues a modest demand enabled Doornfontein to close 12 up at 286p and Libanon to put on 8 to 487p. The Gold Mines index registered a 0.6 rise at 149.2.

Elsewhere, RTZ put on 3 to a new high of 212p, while in tins, a strong performance in Eastern markets took Pahang up 7 to 67p.

Dealings began in Mining Investment Corporation (formerly Selukwe Gold Mining) under Rule 163(2) and the shares, after opening at 21p, closed at 24p following a brisk two-way trade.

FINANCIAL TIMES STOCK INDICES

	May 15	May 12	May 11	May 10	May 9	May 8	A year ago
Government Secs.	71.47	71.02	70.97	71.01	71.18	71.45	70.84
Fixed Interest	72.40	72.26	72.33	72.17	72.30	72.65	70.88
Industrial Ordinary	485.0	488.3	479.9	475.0	471.1	480.1	468.7
Gold Mines	149.2	148.6	150.0	148.4	144.7	143.1	118.6
Ord. Div. Yield	5.50	5.49	5.58	5.64	5.68	5.58	[illegible]
Earnings Yld % (full)*	16.66	16.65	16.92	17.11	17.25	16.94	15.18
P/E Ratio (net) (*)	8.02	8.04	7.91	7.82	7.77	7.90	8.67
Dealings marked	5,546	5,059	5,061	5,435	6,010	5,413	7,281
Equity turnover £m.	—	92.76	80.23	72.42	71.15	74.17	76.77
Equity bargains total	—	18,425	15,098	15,065	15,767	17,461	22,086

10 a.m. 487.[illegible] 11 a.m. [illegible] Noon [illegible] 1 p.m. [illegible] 2 p.m. 482.5. 3 p.m. [illegible]

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.82.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	70.97 (11/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	72.17 (10/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (3/1)	435.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 ([illegible])	130.3 ([illegible])	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 15	May 12
—Daily		
Gilt-Edged	144.3	152.5
Industries	198.0	180.2
Speculative	40.6	37.8
Totals	126.2	114.7
5-day Average		
Gilt-Edged	152.6	152.9
Industries	196.5	198.9
Speculative	37.5	37.4
Totals	125.5	122.7

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 10	May 22	Aug. 3	Aug. 13
May 23	Jun. 6	Aug. 17	Aug. 30
Jun. 7	Jun. 20	Aug. 31	Sep. 14

For rate indications see end of Share Information Service

Stocks favoured for the call were Burmah Oil, Associated Fisheries, Oxley Printing, Lofs, Silvermines, English Property, Pacific Copper, Queen's Moat Houses, Associated Dairies, Maurice James, BP, Christies International, and Jessups. A put was taken out in Paringa, while doubles were arranged in BP and Burmah Oil.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (208)

AMERICANS (16)
CANADIANS (7)
BANKS (3)
BEERS (1)
BUILDINGS (7)
CHEMICALS (6)
DRAPERY & STORES (12)
ELECTRICALS (7)
ENGINEERING (18)
FOODS (7)
HOTELS (6)
INDUSTRIALS (37)
INSURANCE (3)
MOTORS (11)
NEWSPAPERS (4)
PAPER & PRINTING (3)
PROPERTY (1)
SHOES (5)
TEXTILES (4)
TOBACCOS (2)
TRUSTS (23)
OILS (6)
OVERSEAS TRADERS (4)
RUBBERS (6)
TEAS (1)
MINES (8)

NEW LOWS (6)

ELECTRICALS (1)
Audio Fidelity
INDUSTRIALS (2)
Anglo-American Asphalt Burns Anderson
MOTORS (1)
Peak Invs.
SHOES (1)
Footwear Invs.
TRUSTS (1)
Aberdeen Invs.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	64	—	12
Corpns. Dom. and Foreign Bonds	39	2	45
Industrials	571	170	807
Financial and Prop.	241	37	331
Oils	11	3	18
Plantation	11	5	17
Mines	31	29	60
Recent Issues	8	3	14
Totals	980	249	1,322

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	13	363	+ 2	365	328
BP	£1	9	868	+ 4	868	720
European Ferries	25p	9	122xd	− ½	124½	99
Shell Transport	25p	9	576	+ 2	580	484
BAT Inds.	25p	8	345	+ 2	345	297
Marks & Spencer	25p	8	142xd	− 2½	160	136
RTZ	25p	8	212	+ 3	212	164
Barclays Bank	£1	7	333	+ 1	358	290
Beecham	25p	7	664	+ 2	678	588
Grand Met.	50p	7	116	—	116	87
Lonrho	25p	7	70	—	78	67
Lucas Inds.	£1	7	318	+ 4	318	240
Midland Bank	£1	7	380	+ 2	390	330
Northern Eng.	25p	7	113	+ ½	113	84
Rank Org.	25p	7	256	+ 6	265	220

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	135	9	147	1	163	—	866p
BP	800	89	5	105	—	126	—	"
BP	850	49	4	73	—	94	—	"
BP	900	26	58	45	2	68	8	"
Com. Union	140	22	—	27	2	29	—	157p
Com. Union	160	9	4	15½	—	17½	1	"
Cons. Gold	160	22½	13	30	1	33	4	174p
Cons. Gold	180	10	5	18	2	22½	4	"
Courtaulds	100	30½	11	30½	21	31½	—	128p
Courtaulds	110	20½	16	22½	35	23	—	"
Courtaulds	120	13½	18	15	—	16½	17	"
Courtaulds	130	7½	23	11	4	13½	14	"
GEC	220	45	6	50	—	56	—	256p
GEC	240	27½	2	35½	—	42	—	"
GEC	260	15	35	23½	20	32	3	"
Grand Met.	100	19½	11	23	—	25½	—	115p
Grand Met.	110	12	10	16	1	19	6	"
Grand Met.	120	7	5	10½	—	14½	19	"
ICI	330	48	41	51	12	57	14	362p
ICI	360	25	11	31	44	38	20	"
Land Secs.	180	35	5	38	—	41	11	212p
Land Secs.	200	18	75	23½	6	28	2	"
Land Secs.	220	6½	24	13½	—	18½	—	"
Marks & Sp.	140	10½	13	15½	—	19½	13	143p
Marks & Sp.	160	3½	27	7½	2	10	2	"
Shell	500	96	—	104	—	108	—	573p
Shell	550	50	3	61	5	71	2	"
Shell	600	21	47	30	3	40	—	"
Totals			481		160		140	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Net	Times Covered	Gross Yield	P/E Ratio
105	F.P.	28.4	145	118	Saga Holidays	138	+2	6.75	2.2	7.5	9.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
98p	F.P.	—	[illegible]	[illegible]	Amal. Inds. 10% 2nd. Pfd.	98p	[illegible]
£100	F.P.	[illegible]	[illegible]	[illegible]	Amer. Express Int. Fin. Var. rate [illegible]	[illegible]	[illegible]
100p	F.P.	[illegible]	110	[illegible]	Armitage (G.) 10½% Cum. Pref.	110	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Brittains 9% Conv. Cum. Red. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Cullen's Stores [illegible] Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Greenwich (Lon. Bor. of) [illegible] Red. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jenks & Cattell 10% Cum. Pref.	101	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tyne & Wear 12% Red. 1986	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	White Potteries 10% Pref.	101	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
56	Nil	[illegible]	[illegible]	[illegible]	Brown Boveri Kent	19½pm	+2
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Bullough	[illegible]	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Canadian Imperial Bnk.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] Gold Mining	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Horizon Midland	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rowntree Mackintosh	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Turner & Newall	[illegible]	[illegible]
20	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Minimum tender price. [illegible] Reintroduced. [illegible] Issued in connection with reorganisation merger or take-over. [illegible] Introduction. [illegible] Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon., May 15, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Fri. May 12 Index No.	Thur. May 11 Index No.	Wed. May 10 Index No.	Tues. May 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	214.97	+0.1	17.34	5.54	8.01	214.72	212.42	210.40	210.23	183.20
2	Building Materials (27)	194.67	+0.2	17.56	5.58	8.16	[illegible]	192.13	189.88	190.39	154.55
3	Contracting, Construction (26)	347.58	+0.2	19.08	3.88	7.59	347.03	347.12	343.26	345.47	250.59
4	Electricals (15)	448.87	+0.8	15.24	3.95	9.30	445.42	439.12	436.94	437.02	351.08
5	Engineering Contractors (14)	319.95	+0.1	17.71	6.37	7.37	313.59	313.68	311.15	308.17	244.87
6	Mechanical Engineering (71)	171.65	+0.1	18.74	6.10	7.27	171.55	169.93	168.01	166.98	168.23
8	Metals and Metal Forming (17)	169.68	−1.1	16.61	8.26	8.10	171.55	169.68	167.82	168.35	157.09
	CONSUMER GOODS										
11	(DURABLE) (52)	198.78	+0.3	17.01	4.78	8.42	198.22	197.29	195.73	195.44	166.91
12	Lt. Electronics, Radio TV (15)	232.80	−0.1	15.10	3.69	9.52	233.01	233.24	232.37	232.18	187.67
13	Household Goods (12)	176.85	+0.4	16.27	6.38	8.44	176.06	174.09	171.94	171.48	161.98
14	Motors and Distributors (25)	127.05	+0.8	20.01	6.05	7.18	126.04	124.56	122.91	122.65	110.78
	CONSUMER GOODS										
21	(NON-DURABLE) (176)	207.15	−0.1	15.54	5.70	8.75	207.45	205.58	203.86	203.04	172.16
22	Breweries (14)	241.09	—	13.54	5.51	11.19	241.15	239.62	238.86	237.89	181.79
23	Wines and Spirits (6)	265.05	+0.6	15.26	5.44	9.94	263.36	261.80	262.67	256.26	201.25
24	Entertainment, Catering (17)	263.95	—	13.36	6.47	10.83	263.97	261.43	260.28	257.74	218.80
25	Food Manufacturing (22)	194.59	−0.2	20.03	6.08	6.61	195.01	194.40	192.58	192.20	176.85
26	Food Retailing (16)	198.97	+0.2	14.26	4.70	9.67	198.67	197.80	195.40	195.98	177.28
32	Newspapers, Publishing (13)	390.33	+0.6	9.99	3.19	14.43	388.16	385.67	377.11	376.70	295.64
33	Packaging and Paper (15)	131.27	−0.8	19.88	9.04	7.12	132.31	132.33	131.42	132.28	120.33
34	Stores (39)	188.14	−0.3	10.98	4.29	13.39	188.78	185.73	184.57	183.89	147.64
35	Textiles (25)	189.43	−1.3	19.99	7.05	6.10	191.90	187.67	185.01	183.28	168.04
36	Tobaccos (3)	260.39	+0.4	21.23	7.19	5.60	259.29	258.70	254.26	254.26	229.10
37	Toys and Games (6)	105.94	+0.3	19.97	5.75	6.55	105.65	104.34	103.27	101.77	97.26
41	OTHER GROUPS (97)	196.33	+0.3	16.25	5.78	8.12	195.71	193.17	190.56	190.05	183.83
42	Chemicals (19)	268.25	+0.6	18.78	6.48	7.27	256.60	262.07	258.16	256.28	252.72
43	Pharmaceutical Products (7)	260.65	+0.1	11.10	3.91	11.27	260.51	259.01	254.87	253.95	[illegible]
44	Office Equipment (6)	134.33	+1.6	13.09	4.79	6.54	132.73	131.49	130.18	131.31	107.03
45	Shipping (10)	441.57	−1.6	17.36	7.11	6.35	447.28	441.49	436.45	434.21	528.46
46	Miscellaneous (55)	207.54	[illegible]	[illegible]	6.20	8.37	205.96	204.72	201.82	202.01	184.23
49	INDUSTRIAL GROUP (495)	212.74	+0.1	[illegible]	5.62	8.38	212.53	210.48	208.49	207.83	183.80
51	Oils (5)	500.41	[illegible]	[illegible]	3.95	7.36	[illegible]	497.05	492.54	492.62	509.17
59	500 SHARE INDEX	235.35	[illegible]	15.02	5.36	[illegible]	[illegible]	[illegible]	231.90	231.37	210.81
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	—	5.65	—	[illegible]	155.43	[illegible]	156.85	142.95
62	Banks (6)	200.92	—	23.55	5.27	6.43	[illegible]	194.50	[illegible]	197.61	157.33
63	Discount Houses (10)	[illegible]	−0.6	—	8.35	—	193.16	201.09	199.75	[illegible]	170.42
64	Hire Purchase (5)	[illegible]	+1.6	12.92	5.41	11.46	149.12	151.24	[illegible]	141.25	136.15
65	Insurance (Life) (10)	[illegible]	+1.4	—	6.42	—	139.88	140.05	137.92	133.59	113.09
66	Insurance (Composite) (7)	130.78	−0.4	—	6.51	—	131.49	[illegible]	129.78	130.35	117.07
67	Insurance Brokers (10)	347.22	+0.4	13.98	4.22	10.25	345.94	345.25	342.38	339.95	296.61
68	Merchant Banks (14)	81.08	+0.1	—	5.94	—	81.02	80.82	79.32	78.86	70.79
69	Property (31)	231.15	+1.8	2.92	3.03	66.28	227.82	224.44	221.35	221.77	198.15
70	Miscellaneous (7)	107.86	+1.1	24.22	7.26	5.71	106.65	105.80	104.76	107.15	95.81
71	Investment Trusts (50)	206.39	+0.3	3.20	4.67	31.27	205.75	204.50	203.23	204.81	186.41
81	Mining Finance (4)	96.35	+1.3	17.16	7.15	7.34	95.21	94.01	93.10	92.97	102.86
91	Overseas Traders (19)	319.37	+0.6	15.12	6.47	8.25	317.54	314.06	311.49	311.41	288.98
99	ALL-SHARE INDEX (673)	218.52	+0.2	—	5.40	—	218.06	216.32	214.02	213.75	193.22

FIXED INTEREST PRICE INDICES

	British Government	Mon. May 15	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.93	+0.16	—	3.63
2	5-15 years	117.31	+0.79	—	2.44
3	Over 15 years	121.55	+0.91	—	4.97
4	Irredeemables	129.53	+0.61	—	6.08
5	All stocks	114.13	+0.59	—	3.97

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Mon. May 15	Fri. May 12	Year ago (approx.)
1	Low Coupons	5 years	8.48	8.51	7.30
2		15 years	10.77	10.89	10.60
3		25 years	11.34	11.45	11.71
4	Medium Coupons	5 years	10.75	10.82	9.56
5		15 years	11.98	12.10	11.49
6		25 years	12.17	12.27	12.18
7	High Coupons	5 years	11.06	11.18	10.39
8		15 years	12.51	12.65	12.54
9		25 years	12.94	13.02	12.80
10	Irredeemables		11.25	11.32	11.91

		Monday, May 15 Index No.	Monday, May 15 Yield %	Friday May 12	Thurs. May 11	Wed. May 10	Tuesday May 9	Monday May 8	Friday May 5	Thurs. May 4	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.75	†12.86	57.69	57.70	57.66	57.77	57.87	[illegible]	58.43	55.33
16	Investment Trust Prefs. (15)	52.17	15.61	52.16	52.36	[illegible]	52.46	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	70.32	13.98	70.32	[illegible]	70.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY.
Telex: Editorial 886341/2, 883897 Advertisements: 885033 Telegrams: Finantimo, London PS4
Telephone: 01-248 8000
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES
Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Pressehaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex: 416263 Tel: 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queens House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 294 3748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.5743
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 212634 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440225 Tel: (202) 347 8676

ADVERTISEMENT OFFICES
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queens House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 423025 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

SUBSCRIPTIONS
Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London.

هكذا من الأهل

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK240.99	.....	3.00
Jardine J'pn.Fd.*	$HK521.15	.....	0.99
Jardine S.E.A.	$HK13.52	.....	2.30
Jardine Flem.Int.	$HK9.46	.....	

NAV April 28. *Equivalent $U.S.88.26. Next sub. May 15

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr.1,400	1,500	.....	2.90
Bondselex	Fr.12.00	12.75	.....	—
Keyselex Int'l.	£6.35	7.19	.....	4.17
Keyselex Europe	£3.86	4.34	.....	3.80
Japan Gth. Fund	$U23.51	25.39	.....	—
Keyselex Japan	£11.26	12.31	.....	—
Cent. Assets Cap.	£132.77		+0.06	—

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2 01-600 4555

Cnv.Bd.Fd. May 12	$US9.58		+0.02	—
Energy Int. May 12	$US17.05		+0.11	—
Gr.St.$Fd. Apr.30	$US6.85		...	—
Mr.Eur.May 10	$US18.36	19.46	...	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. April 27	$US12.25	12.57	...	—
CMI Ltd. April 27	£12.35	12.66	...	—
Metals Tst. April 20	£11.44	11.72	...	—
TMT May 11	$US18.28	16.58	+0.70	—
TMT Ltd. May 11	£16.37	10.64	+0.65	—

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US14.07	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ϕ. § Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 10th May, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	128.00
Clive Fixed Interest Income	113.80

CORAL INDEX: Close 481-486

INSURANCE BASE RATES

† Property Growth	9½%
† Vanbrugh Guaranteed	8¼%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hill Samuel	§ 9 %
Allied Irish Banks Ltd.	9 %	C. Hoare & Co.	† 9 %
American Express Bk.	9 %	Julian S. Hodge	10 %
Amro Bank	9 %	Hongkong & Shanghai	9 %
A P Bank Ltd.	9 %	Industrial Bk. of Scot.	7½%
Henry Ansbacher	9 %	Keyser Ullmann	9 %
Banco de Bilbao	9 %	Knowsley & Co. Ltd.	11½%
Bank of Credit & Cmce.	9 %	Lloyds Bank	9 %
Bank of Cyprus	9 %	London Mercantile	9 %
Bank of N.S.W.	9 %	Edward Manson & Co.	10½%
Banque Belge Ltd.	9 %	Midland Bank	9 %
Banque du Rhone	9½%	■ Samuel Montagu	9 %
Barclays Bank	9 %	■ Morgan Grenfell	9 %
Barnett Christie Ltd.	8½%	National Westminster	9 %
Bremar Holdings Ltd.	10 %	Norwich General Trust	9 %
Brit. Bank of Mid. East	9 %	P. S. Refson & Co.	9 %
■ Brown Shipley	9 %	Rossminster Accept'cs	9 %
Canada Perm't. Trust	9 %	Royal Bk. Canada Trust	9 %
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	9 %
Cayzer Ltd.	9 %	E. S. Schwab	10½%
Cedar Holdings	9½%	Security Trust Co. Ltd.	10 %
Charterhouse Japhet	9 %	Shenley Trust	9½%
Choulartons	9 %	Standard Chartered	9 %
C. E. Coates	10 %	Trade Dev. Bank	9 %
Consolidated Credits	7½%	Trustee Savings Bank	9 %
Co-operative Bank	* 9 %	Twentieth Century Bk.	10 %
Corinthian Securities	9 %	United Bank of Kuwait	9 %
Credit Lyonnais	9 %	Whiteaway Laidlaw	9½%
The Cyprus Popular Bk.	9 %	Williams & Glyn's	9 %
Duncan Lawrie	9 %	Yorkshire Bank	9 %
Eagil Trust	9 %		
English Transcont.	9 %		
First London Secs.	9 %		
First Nat. Fin. Corpn.	10 %		
First Nat. Secs. Ltd.	9½%		
Antony Gibbs	9 %		
Greyhound Guaranty	9 %		
Grindlays Bank	‡ 9 %		
Guinness Mahon	9 %		
Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month deposits 6¼%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6½% and over £25,000 6¾%.
‡ Call deposits over £1,000 6%.
§ Demand deposits 6%.
¶ Rate also applies to Sterling Ind. Secs.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102½	100	Treasury 10½pc '78‡‡	100	.....	10.47	8.52
99⅝	98⅝	Exch. 5pc '76-78‡‡	98	+	5.07	8.59
105⅛	102	Treasury 11½pc '79‡‡	102	.....	11.27	8.83
97	94¾	Treasury 3pc '79‡‡	95	+	3.16	6.89
97⅞	95⅛	Electric 4¼pc '74-79	95	+	4.44	7.51
104	101	Treasury 10½pc '79‡‡	101⅛	+	10.38	9.61
96½	94¾	Electric 3½pc '76-79	95½	.....	3.66	6.69
103⅛	98⅛	Treasury 9pc 1980‡‡	99	+	9.08	9.55
102	99⅛	Treasury 9½pc '80‡‡	99	+	9.57	9.53
95⅛	92⅝	Treasury 3½pc '77-80	93⅝xd	.....	3.74	6.85
96½	94	Funding 5¼pc '78-80‡‡	95½xd	.....	5.52	7.84
110¼	105	Exchequer 13pc 1980‡‡	105xd	+	12.29	10.34
106¼	101	Treasury 11½pc 1981‡‡	102	+¼	11.25	10.51
91⅝	88⅝	Treasury 3½pc 1979-81	89½	.....	3.91	7.80
101¼	98	Treasury 9¾pc 1981‡‡	98⅝	+¼	9.89	10.29
97	94	Exch. 8¼pc 1981	94⅞xd	+	8.70	10.25
100¼	96	Exch. 9½pc 1981	97	+¼	9.79	10.61
87	86¼	Exch. 3pc 1981	86¼	.....	3.48	7.85
96	96⅛	Treas. Variable '81‡‡	96xd	.....	6.36	10.15
111	105⅛	Exch. 12¾pc 1981‡‡	105⅝xd	+¼	12.07	10.77
99⅜	93⅞	Treas. 8½pc '80-82‡‡	94¼	+⅛	9.02	10.41
86⅝	83¾	Treasury 3pc '82‡‡	84⅜	.....	3.56	7.88
115⅞	109	Treasury 14pc '82‡‡	109⅝	+¼	12.77	10.83
96	95⅜	Treas. Variable '82‡‡	95xd	.....	6.80	8.97
96⅛	91	Treasury 8¼pc '82	91⅞	+	8.98	10.73
100¼	94	Exch. 9¼pc 1982	94	+⅛	9.77	10.79
—	—	Exch. 9¼pc 1982 'A'	E94¼	.....	9.76	10.79
96	92	Exch. 8¾pc 1983	92⅝	+	9.45	10.80
85¼	80⅝	Exch. 3pc '83	80¾	.....	3.71	7.92
114¼	103½	Treasury 12pc 1983‡‡	104⅛	+	11.52	10.86
		Five to Fifteen Years				
100⅛	95½	Treasury 9½pc '83	96⅝	+⅛	9.88	10.88
89⅝	84¼	Funding 5½pc '82-84‡‡	84⅞	+⅜	6.62	9.42
96⅞	91⅞	Treasury 8¾pc '84-86‡‡	92⅛	+½	9.50	10.45
87⅝	79	Funding 6½pc '85-87‡‡	79⅝	+⅜	8.19	10.05
89⅝	82¼	Treasury 7¾pc '85-88‡‡	84⅛	+½	9.48	10.82
68⅞	61½	Transport 3pc '78-88	63¼	+⅝	4.83	8.70
75⅝	65⅝	Treasury 5pc '86-89	66⅝	+⅝	7.55	10.03
125¼	107⅞	Treasury 13pc 1990‡‡	109½	+1	12.36	12.14
89⅜	78⅞	Treasury 8¼pc '87-90‡‡	79⅞xd	+¾	10.24	11.23
106½	98⅛	Treasury 11¾pc 1991	100⅝	+1	12.17	12.28
75⅛	64⅞	Funding 5¾pc '87-91‡‡	65¼	+⅝	8.83	10.83
112⅛	103¼	Treasury 12¾pc '92‡‡	106	+1	12.50	12.43
96⅛	85½	Treasury 10pc 1992	88⅛	+⅞	11.62	12.09
113	99	Exch. 12¼pc '92	101⅜	+1	12.41	12.44
		Over Fifteen Years				
110⅝	101	Treasury 12½pc '93‡‡	104¼	+1	12.49	12.48
72⅞	62¼	Funding 6pc 1993‡‡	63¼	+⅝	9.64	11.20
120¼	105½	Treasury 13¾pc 1993‡‡	107xd	+1	12.82	12.66
128⅞	113½	Treasury 14½pc '94‡‡	115	+1	12.95	12.71
114⅛	100¼	Exch. 12½pc 1994	102¼	+1	12.57	12.58
89⅞	78	Treasury 9pc '94‡‡	79⅛xd	+⅝	11.37	11.91
106¼	98¼	Treasury 12pc '95	100⅛	+1	12.44	12.49
51⅞	44¾	Gas 3pc '90-95	45⅛	+⅜	6.67	9.65
95	85¾	Exch. 10¼pc 1995	88	+⅞	12.00	12.30
114⅜	99½	Treasury 12¾pc '95‡‡	101¼	+1	12.60	12.57
90½	78⅛	Treasury 9pc '92-96‡‡	79¼	+⅝	11.58	12.06
131½	115⅛	Treasury 15¼pc '96‡‡	117⅛	+⅞	13.08	12.86
117⅝	102⅝	Exchequer 13¼pc '96‡‡	104¼	+1	12.71	12.65
50	43⅞	Redemption 3pc 1986-96	44⅞	+⅜	6.84	9.52
115¼	106½	Treasury 13¼pc '97‡‡	108¼	+1	12.73	12.66
98⅜	86½	Exchequer 10½pc 1997	88¾	+⅞	12.16	12.38
88¼	76⅛	Treasury 8¾pc 1997‡‡	77½	+⅝	11.60	12.04
72¼	61⅛	Treasury 6¾pc '95-98‡‡	62¼	+⅝	10.89	11.71
135⅜	119¼	Treas. 15½pc '98‡‡	120⅞	+⅞	13.04	12.85
65	63½	Exch. 12pc '98 £45 pd.	64½	+1¼	12.56	12.61
90½	82⅜	Treasury 9½pc 1999‡‡	83½	+⅝	11.82	12.10
96¼	84	Treasury 10½pc 1999	85⅞xd	+⅞	12.21	12.39
42½	37½	Funding 3½pc '99-04	37⅞	+⅜	9.54	10.80
80⅞	68⅞	Treasury 8pc '02-06‡‡	70	+⅝	11.58	11.78
58⅞	49¾	Treasury 5½pc '08-12‡‡	49⅞	+½	11.26	11.50
76⅛	67⅞	Treasury 7¾pc '12-15‡‡	69	+⅝	11.63	11.71
		Undated				
37⅛	33⅛	Consols 4pc	33⅜	+¼	12.41	—
37⅛	31¼	War Loan 3½pc‡‡	31⅞xd	+⅛	10.93	—
39¼	33	Conv. 3½pc '61 Aft.	35⅛	+¼	10.09	—
28⅝	24⅜	Treasury 3pc '66 Aft.	24⅝	+¼	12.35	—
24⅛	21	Consols 2½pc	21¼	+¼	11.92	—
24	20¼	Treasury 2½pc	20½	+¼	12.38	—

**INTERNATIONAL BANK

88	82¾	5pc Stock '77-82	83	.....	6.02	9.97

**CORPORATION LOANS

98¾	95	Birm'ham 9¾pc '79-81	95¼	+¼	9.70	11.00
94	90⅜	Bristol 7¾pc '79-81	91xd	.....	8.51	10.85
107	102	G.L.C. 12½pc '82	102¼xd	+¼	12.22	11.78
112	103¼	Do. 12½pc 1983	105¼	+¼	12.23	11.91
97¾	93	Glasgow 9¼pc '80-82	93½xd	+¼	9.88	11.13
93	90¼	Herts. 5½pc '78-80	91xd	+¼	5.77	10.25
99	97⅞	Liverpool 5¾pc '76-78	98¾	.....	5.82	8.71
102½	90½	Do. 9¾pc '80-84	92½xd	+½	10.52	11.46
29¾	27	Do. 3½pc Irred.	27½	−½	12.86	—
100	99	Lon. Corp. 6½pc '75-78	99	+	6.54	8.72
99¼	91	Do. 9¼pc '84-85	93	+½	10.05	10.82
97¼	94¼	L.C.C. 6pc '76-79	95¼	+½	6.30	9.98
92½	86½	Do. 5½pc '77-81	86½	.....	6.34	10.34
87½	76½	Do. 5½pc '82-84	79	+½	7.11	10.59
75½	67½	Do. 5½pc '85-87	68xd	+½	8.03	11.08
78	69½	Do. 6¾pc '88-90	70	+½	9.96	11.79
26½	22¾	Do. 3pc '20 Aft.	23½xd	+¼	12.85	—
93¾	91¼	Middx. 5¼pc 1980	91¼	.....	5.75	10.53
99½	96	Newcastle 9¾pc '78-80	96¼	+¼	9.61	10.07
106¾	102½	Warwick 12½% 1980	102½xd	.....	12.19	11.27

COMMONWEALTH & AFRICAN LOANS

100⅞	98½	**Aust. 5½pc '75-78	99	.....	5.59	9.47
95¾	93½	**Do. 5½pc '77-80	95	.....	5.91	10.14
88¾	83¾	**Do. 5½pc '81-82	83¾	.....	6.61	10.90
99¼	96¾	**N.Z. 4pc 1976-78	97¼xd	.....	4.10	8.25
96½	92¾	**Do. 6pc '76-80	93¾	.....	6.47	10.59
87¾	82½	**Do. 7½pc '83-86	82½xd	.....	9.01	10.63
95	91	Sth. Africa 9½pc '79-81	94	.....	10.13	11.69
70	53	Sth. Rhod. 2½pc '65-70	53	.....	—	—
96	83	Do. 6pc '78-81	83	.....	—	—

LOANS

Public Board and Ind.

64½	59	Agric. Mt. 5pc '59-89	61	.....	8.44	11.61
90½	80¾	Alcan 10½pc '89-94	82xd	+1¼	12.80	13.20
33½	29½	**Met. Wtr. 3pc 'B'	29¼	.....	10.46	12.14
139	107	U.S.M.C. 9pc 1982	137xd	+2½	6.57	—
95½	89	Do. without Warrants	89½xd	+½	10.06	12.20

Financial

107¼	103	**FFI 13pc '81	103¼	+¼	12.59	11.55
110	102	Do. 14pc '79	103xd	.....	13.59	11.40
114½	109	Do. 14pc '83	110¼	+¼	13.35	12.74
85	79½	ICFC 5½pc Deb. '80-82	82	.....	6.79	10.90
81½	73¾	Do. 6¾pc Db. '81-84	76xd	.....	8.22	11.60
99	95½	Do. 10¾pc Uns. Ln. '86	96	.....	11.39	12.00
99¼	95½	Do. 11pc Uns. Ln. '88	96	.....	11.94	12.30
101½	96	Do. 11¾pc Uns. Ln. '90	96½	.....	12.75	13.00
71½	65	Do. 7½pc A Deb. '89-92	65½	.....	11.61	13.05
71½	62	Do. 7¼pc A Db. '91-94	62	.....	11.94	13.20
84½	74	Do. 9pc 'A' '91-94	74½	.....	12.28	12.95
81¼	70½	Do. 8¾pc Ln. '92-97	70½	.....	13.06	13.70

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
19½	17	Antofagasta Rly	19	.....	—	—
34	33	Do. 5pc Pref.	34	.....	B—	—
98	98	Chilean Mixed	98	.....	3	£3.10
415	350	German Yng. 4½pc	415	.....	4½	—
54	46	Greek 7pc Ass.	54xd	.....	3½	f6.48
50	46	Do. 6pc '28 Stab. Ass.	49	.....	6	f6.25
44	40	Do. 4pc Mixed Ass.	43	.....	4	f4.76
55	42	Hung. '24 Ass.	55	.....	4½	5.00
77	67	Iceland 6½pc '83-88	67	.....	—	12.60
88	84½	Ireland 7¾pc '81-83	84½	.....	7½	12.28
91	81½	Do. 9¾pc '91-96	81½	.....	9¾	12.61
375	265	Japan 4pc '10 Ass.	365	−5	—	—
87	70	Do. 6pc '83-88	70	.....	6	11.30
160	145	Peru Ass. 3pc	157	.....	3	1.92
75p	75p	S.G.I. 6½pc 1980	75	.....	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	.....	9	9.52
DM97½	DM81	Turin 6½pc 1984	DM81	.....	6½	10.70
94	94	Uruguay 3½pc	94	.....	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Yld Gr's
17	13½	ASA	15⅞xd	.....	80c	—	2.8
60½	60½	AMF 5% Conv. '87	60½	.....	5%	—	f4.8
31	22	Amax $1	29⅛xd	−¼	$1.75	—	3.4
31	21¾	American Express	31	+1	$1.40	—	2.6
33½	11	Amer. Medic. Int.	20⅞xd	+1⅛	30c	—	0.8
15⅝	969p	Asarco Inc.	13xd	.....	40c	—	1.7
42⅞	28¼	Baker Intl. Corp $1	42⅞xd	+1⅛	64c	—	0.8
19⅛	11⅞	Barnes Grp. $6½	18¼	.....	90c	—	2.8
31¾	22	Bendix Corp $5	29½	+¾	$2.28	—	4.4
19⅛	13	Beth. Steel $8	17⅝xd	.....	$1.00	—	3.2
10½	625p	Brown'g Fer. c16⅔	10½	+⅞	40c	—	2.1
12⅞	857p	Brunswick Corpn.‡	12xd	−½	70c	—	3.3
58	41⅞	Burroughs Corp. $5	58	+½	$1.00	—	1.0
43⅝	30½	CBS $2.50	43⅛	+1	$2.40	—	3.1
40	28¾	C.P.C. $⅓	40	.....	$2.50	—	3.5
46	32¾	Caterpillar‡	46xd	+1½	$1.80	—	2.2
27	17⅞	Chase M'htn $12.5	27	+1⅛	$2.20	—	4.6
19⅞	13⅝	Chesebrough $1	19½	+¾	94c	—	2.8
11	765p	Chrysler $6¼	897pxd	+3	$1.00	—	4.5
20¼	13½	Citicorp $4	20¼	.....	$1.06	—	2.9
12½	733p	City Inv. $1.25	12½	+⅛	$1.00	—	4.6
25	14⅛	Do. Cm. Prf. B$1	21½	+½	$2	—	5.2
17½	12¼	Colgate-P. $1	17	.....	$1.00	—	3.3
47½	29	Colt Inds. $1	47⅛	.....	$3.15	—	3.8
23¾	15½	Cont. Illinois $10	23½	+½	$1.32	—	3.2
24½	17	Cont. Oil $5	24	+½	$1.40	—	3.3
27	20⅛	Crown Zell. $5	26½xd	+⅛	$1.90	—	4.0
40⅜	20⅜	Cutler-Hammer $5	39⅞	+1⅞	$1.40	—	2.0
31¼	22	Eaton Crp. 50.50	30½xd	.....	$2.25	—	4.2
23	17½	Esmark	21½	.....	$1.84	—	4.8
39¼	25½	Exxon $1	38½xd	.....	$3.20	—	4.7
12	670p	Firestone Tire ‡	11⅜	+⅜	$1.10	—	5.4
17⅛	11¼	First Chicago	17⅛	.....	$1.00	—	3.3

AMERICANS—Continued

[illegible]

S.E. List Premium 46⅞% (based on $US1.8183 per £)

Conversion factor 0.6825 (0.6827)

CANADIANS

[illegible]

S.E. List Premium 46⅞% (based on $2.0827 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c.	170	......	Q50c	1.3	25.1
24	16	Rhod'n Corp 16½p	16		0.56	ϕ	5.3
73	52	Roan Cons. K4	68		—	—	—
147	122	Tanganyika 50p	142	+1	Q11.0	1.1	7.7
80	78	Do. Pref. 80p	80	...	Q5½	16.4	9.0
41	32	Wankie Col. Rh1	35		†Q7½c	1.4	15.3
15	10	Zam.Cpr.SBD0.24	14½	+½	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
12	10	Acmex 25c	10	.....	—	—	—
113	64	Bougainville 50Toea	107	..	Q6c	1.4	4.7
84	63	BH South 50c	84	+3	—	—	—
217	148	Conzinc Riotinto 50c	210		Q10c	2.2	3.0
72	48	G.M. Kalgoorlie $1	54		—	—	—
136	81	Hamptn. Areas 5p	126	+6	1.45	4.1	1.7
17	10	Metals Ex. 50c	17	+2	—	—	—
187	125	M.I.M. Hldgs. 50c	185	+4	Q9c	1.7	3.0
24	10	Mount Lyell 25c	23		—	—	—
6½	1½	Newmetal 10c	6½	+1	—	—	—
112	79	North B. Hill 50c	105xd		Q8c	1.5	4.7
11½	8½	Nth. Kalgurli	10	+½	—	—	—
156	117	Oakbridge $A1	150		†Q11c	1.9	4.6
40	30	Pacific Copper	35		—	—	—
£12	750	Pancont'l 25c	£12	+½	—	—	—
30	12	Paringa M&Ex.5p	30	−8½	—	—	—
480	310	Peko-Wallsend 50c	450	+18	Q15c	4.0	2.1
122	84	Westn. Mining 50c	120	+4	Q6c	1.4	3.1
50	35	Whim Creek 20c	40	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	27	.....	†2.51	1.6	14.1
355	240	Ayer Hitam $M1	355	...	[illegible]	0.9	[illegible]
55	45	Beralt Tin	52		3.75	ϕ	11.5
285	200	Berjuntai $M1	285	....	‡Q11Oc	ϕ	[illegible]
145	111	Geevor	140		h4.57	3.4	4.9
10	8½	Gold & Base 12½p	9		—	—	—
270	220	Gopeng Cons.	265	−5	15.0	0.9	8.7
160	130	Hongkong	160	..	—	—	—
93	78	Idris 10p	57	..	7.5	ϕ	13.1
11	10	Jantar 12½p	11		—	—	—
73	68	Kamunting $M0.50	68		‡Q15.5c	0.7	4.9
470	450	Killinghall	470		Q125	ϕ	26.7
365	260	Malay Dredging $M1	365		†Q95c	0.8	5.5
67	40	ΔPahang	67	+7	‡Q3.75c	0.5	[illegible]
62	50	Pengkalen 10p	62	..	6.5	1.3	15.9
195	165	Petaling $M1	195		[illegible]	10.9	[illegible]
61	49	Saint Piran	57	+1	n1.99	4.6	5.3
61	47	South Crofty 10p	57		h4.15	1.5	11.0
190	140	South Kinta $M0.50	190	....	†Q77.8c	1.4	8.8
280	230	Sthn. Malayan $M1	275	...	‡Q115c	1.1	10.3
198	134	Sungei Besi $M1	198	....	—	—	—
75	55	Supreme Corp. $M1	75	.....	‡Q10c	—	2.9
100	85	Tanjong 15p	90	..	6.5	ϕ	10.9
95	74	Tongkah Hrbr. $M1	95	..	Q65c	1.6	12.9
205	148	Tronoh $M1	205	+3	‡Q96c	ϕ	9.2

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	78	−2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
17	9	Burma Mines 17½p	16	−1	—	—	—
300	220	Cons. Murch. 10c	240	−5	Q30c	2.6	7.5
385	245	Northgate C$1	350	−5	—	—	—
212	164	R.T.Z.	212	+3	9.5	2.8	6.9
46½	30	Sabina Inds. C$1	36	+2	—	—	—
£11	750	Tara Explo. $1	£10	...	—	—	—
45	43	Tehidy Minerals 10p	45	.....	1.33	ϕ	4.5
162	120	Yukon Cons. C$1	154	....	Q7c	ϕ	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ¢ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 44

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	...
Bertam	22	......
Bdg'wtr. Est. 50p	270	......
Clover Croft	22	
Craig & Rose £1	420	... ..
Dyson (R. A.) A	41	..
Ellis & McHdy	62	......
Evans Fr'k. 10p	57¢	...
Evered	15xd	......
Fife Forge	50	...
Finlay Pkg. 5p	20½	+1
Graig Ship. £1	140	......
Higsons Brew	82xd	+½
I.O.M. Stm. £1	147	......
Holt (Jos.) 25p	250	......
N'thn. Goldsmith	55	... ..
Pearce (C. H.)	150xd	+1½
Peel Mills	20	...
Sheffield Brick	47xd	+3
Sheff. Refrshmt.	52	..
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£92	+½
Alliance Gas	70¼xd	−¼
Arnott	320	....
Carroll (P.J.)	87	....
Clondalkin	104	+2
Concrete Prods.	132	....
Heiton (Hldgs.)	40	....
Ins. Corp.	148	
Irish Ropes	125xd	+2½
Jacob	68	+3
Sunbeam	35	+1
T.M.G.	187	−2
Unidare	95	.....

OPTIONS
3-month Call Rates

Industrials		I.C.I.	23	Tube Invest.	30
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Beecham	38	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	5
B.A.T.	24	"Lofs"	5	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	7	Land Secs.	18
Burton 'A'	13	Lucas Inds.	25	MEPC	12½
Cadburys	5	Lyons (J.)	15	Peachey	10
Courtaulds	10	"Mams"	7	Samuel Props.	10
Debenhams	10	Mrks & Spncr	11	Town & City	2
Distillers	13	Midland Bank	25		
Dunlop	8½	N.E.I.	20	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	35
E.M.I.	19	Do. Warrants	10	Burmah Oil	7
Gen. Accident	17	P & O Dfd.	10	Charterhall	3½
Gen. Electric	18	Plessey	9	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	22
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	18	Reed Intl.	14	**Mines**	
Guardian	18	Spillers	4	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	20
Hawker Sidd.	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday May 16 1978

Retail sales continue to rise

BY DAVID FREUD

RETAIL SALES

		Volume 1971=100 (seasonally adjusted)	Value percentage change compared with a year earlier (not seasonally adjusted)
1977	1st	103.3	+14
	2nd	102.5	+13
	3rd	104.3	+15
	4th	104.4	+13
1978	1st	106.3	+13
1978	Jan.	104.9	+12
	Feb.	106.8	+13
	Mar.	107.0	+15
	April	106.5*	+15*

* provisional estimate
Source: Department of Trade

RETAIL SALES continued to move firmly upwards through the early months of this year, reflecting the additional spending power of consumers.

The index of sales by volume for April was 106.5 (1970 = 100, seasonally adjusted), according to provisional Department of Trade estimates.

In the three months to the end of April sales were about 1.5 per cent up on the November-January period and were nearly 4 per cent. up on February-April last year.

The April index is 0.5 points down from the final March figure. However, little significance can be attached to this because the provisional estimates are based on only about half the final volume data.

The average error in these early estimates has been running at about 0.75 per cent lately, and the March figures themselves were revised a full point, up to 107, last week.

Consistent

The latest figures remained consistent with the development of a consumer boom later in the year, Mr. Richard Weir of the Retail Consortium, which claims to represent about 90 per cent of retailers, said.

The recovery in sales from February had been sustained. When the benefits from the Budget worked through to pay packets he expected a further improvement.

The underlying factor in the buoyant level of sales is the increase in personal disposable incomes. Figures released with the Budget showed that these will have risen by about 7 per cent in the year to mid-1979.

But earlier hopes by retailers that the Budget would act as a psychological trigger for an immediate boo mseem to have been disappointed. Mr. Weir said it now looked as if consumers would wait until the money was in their pockets.

Oil benefits not enough to end trade deficit—Dell

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITAIN MAY face recurring balance of payments deficits in spite of the benefits of North Sea oil, Mr. Edmund Dell, Secretary for Trade, warned yesterday.

Mr. Dell said that the North Sea would not provide the bonanza that many people expected—a balance of payments surplus was "far from certain."

His comments, at a Financial Times conference in London on the economic impact of offshore oil, reinforce doubts recently expressed by economic commentators.

"The balance of payments constraint has not suddenly and inevitably disappeared," he said.

If the exchange rate was incompatible with the competitiveness of British industry, there was no reason why the country should not return to a deficit, in spite of the benefits of self-sufficiency in oil.

"After all, North Sea gas has not prevented our being in deficit. And in 1977 we were only just in balance on current account despite the arrival of over one-third of our oil from the North Sea."

Pressure

Even so, economic management should be under less pressure than at any time since at least 1973. The substantial increase in revenues should also provide the Government with more room for manoeuvre than might have been.

"It should make it easier, for example, to deal with the imbalance that has developed especially over the past few years between direct and indirect taxation."

Mr. Dell suggested that Britain would have been better off financially—even without North Sea oil—if the Organisation of Petroleum Exporting Countries had not imposed a four-fold oil price increase in 1973, and if world trade and economic growth had continued on their course of the 1960s and early 1970s.

While North Sea oil was neither a bonanza nor a panacea, it did provide security of energy supplies and a greater opportunity for economic stability.

"The trouble with security is that, valuable as it is, it is not available in the form of a bonanza. One cannot turn it into cash and distribute it to old age pensioners, whether people or industries."

Mr. Jo Grimond, MP for Orkney and Shetland and former Liberal leader, said that North Sea oil was not an Aladdin's lamp to make Britain's dreams come true.

Its discovery could even be harmful; it could encourage the country to continue its way of "restrictive practices and bureaucratic attitudes" and it could be inflationary.

Wasted

So long as British industry remained over-manned and uncompetitive, so long as the country wasted its savings on declining and over-manned industries like British Leyland and British Steel Corporation and so long as the productive side of the economy had to carry such a huge unproductive public sector, the country would remain in trouble.

Conference Report, Page 9

Britain to give Zambia £15.5m. additional aid

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

BRITAIN has agreed to give Zambia substantial new aid to tide it over its current economic difficulties. The aid, which amounts to £15.5m, is in addition to the planned British programme of £17m for 1978-79 and thus amounts to total British aid to Zambia of £47.5m over a two-year period.

This aid offer, which is seen as part of a western aid package, was made yesterday following two hours of private talks between Mr. Callaghan and President Kenneth Kaunda who is on an official visit to Britain.

Zambia, which last week drew the first tranche of a $390m International Monetary Fund credit, is seeking an equal amount from its western trading partners. Such a western package is to be fully discussed at a World Bank sponsored consultative meeting in Paris next month.

At the weekend, Dr. Kaunda said that he hoped to leave London and Washington, his next stop, with firm new commitments of aid.

In a statement from Downing Street last night, Mr. Callaghan said the British Government appreciated the economic sacrifices Zambia had made in applying sanctions against Rhodesia.

The statement said that the two leaders had discussed the problems of southern Africa, the British Government reaffirming its determination to work for indepedence in Rhodesia on the basis of majority rule following free elections. Britain would continue to work for a round table conference to achieve a negotiated ceasefire in Rhodesia, the statement said.

By all accounts the meeting was friendly, with the planned half hour private meeting between the two men extending to two hours. President Kaunda leaves for Washington today for two days of talks with President Carter and U.S. officials.

It is understood that President Kaunda urged the Government to keep up the momentum of the Rhodesia talks by changing its negotiatingfi tactics. It was suggested that, contrary to earlier practice, when there has been little preparation between large meetings, as permanent commission should be set up to ensure a continuing of the negotiating process.

● In Washington the World Bank and the International Development Association announced a $22.5m loan to improve roads in Zambia.

Editorial Comment, Page 20
Botswana and Rhodesia, Page 4

Ashley Ashwood

President Kaunda, who is seeking aid for Zambia, talks with Mr. Callaghan.

Soviet embassy plan fails

By John Brennan, Property Correspondent

THE SOVIET Government's plans for a big extension to the Russian embassy in Kensington, West London, have been killed by the Foreign Office following intense local opposition.

In a meeting yesterday with Sir Brandon Rhys-Williams, Conservative MP for Kensington, Dr. David Owen, the Foreign Secretary, said the Foreign Office had dropped its support for a larger Russian embassy.

The Russians had planned to extend their existing site, facing Kensington Palace Gardens, to cover the former Royal Military Police barracks in Church Street, Kensington. This plan would have created an enclave of Soviet diplomats and their families bordered by a 45-ft-high perimeter wall, a scheme bitterly opposed by local residents and by the local planning authority.

The Foreign Office said yesterday that local opposition to the proposed embassy extension had made the plans impossible. "We have been assured that if the plans were submitted in their current form they would not be approved by the local planners, and there has never been any question of normal planning procedures being by-passed," it said.

New scheme

The extension to cover the Crown Commissioners' land on the Church Street Barracks site was seen as a bargaining counter in the British Government's negotiations for a new British embassy in Moscow. The existing British Embassy is to be taken over as a museum by the Soviet Government, and discussions over a new home for Britain's embassy staff are still in progress.

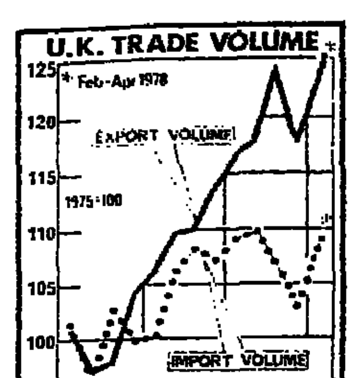
Having abandoned the Church Street plan, the Foreign Office is to assist the Russians in the development of their existing land at 1-7, Kensington Palace Gardens. But the revised plans will still come in for critical consideration by local planners, as Sir Malby Crofton, Kensington's mayor elect, said yesterday.

Sir Malby welcomed the abandonment of the Church Street scheme as "a great victory for local opinion." But he warned that proposals for the Kensington Palace Gardens site would have to meet strict planning criteria with the need for a "good scheme that will preserve the existing buildings, which are a disgrace as they stand, with rats and rotten wood . . ." and which would involve the Soviets "giving up the vast amount of other property they hold in the borough for residential use."

THE LEX COLUMN

Gilt-edged and the trade figures

Index fell 3.3 to 485.0



The trade figures for April had to be really good to justify the pre-publication build up in the stock market, and in the event the current account has turned round spectacularly from deficit in March to reach a record monthly surplus of £336m. The gilt-edged market enjoyed gains to a point or so at the long end, and the FT Government Securities Index achieved its largest single day's gain for three months. But equities failed to carry through the strength of late last week.

Recent trade returns have been wildly volatile, and it is impossible to read any consistent overall trend into the visible balances of the past few months. Through it all, exports have risen steadily, which is the most encouraging feature, but imports have shown major fluctuations. A £90m improvement in the oil balance, favourable movements in erratic items, and a fall back in previously buoyant imports of raw materials and semi-manufactures appear to lie behind the April turnround.

The authorities have another favourable statistic up their sleeves this week. Friday's Retail Price Index which is likely to show that year-on-year inflation is down to the 7-7½ per cent range. This prospect is well discounted by gilts, however, and the institutions still do not seem to have been major net buyers of stock yesterday despite yields of over 12½ per cent. Today is the last day for official sales of gilts to count towards reducing the May money supply: make-up day is tomorrow.

Still, there was a lot of switching of existing long dated stocks into the official tap, and it surely cannot be long before the jobbers pay up to the Government broker's price for the stock, probably £65 per cent. But the authorities need some big gilt sales very soon, and the market's tentative performance is a little disappointing. The April trade returns had to be good. Yet as always one month's figures prove very little, and the trends in the economy remain confusing.

Prudential Corp.

Not before time the mighty Prudential Assurance has woken up to the fact that it is something more than a simple life assurance company and has decided to restructure itself to reflect that fact. It is planning to set up an overall holding company, the Prudential Corporation, to take control of its increasingly diverse spread of activities. In so doing it is following in the footsteps of U.S. financial conglomerates, such as Aetna Life and Casualty, and its initiative will probably be followed by other U.K. life insurance companies.

Although the Prudential's raison d'etre is its life business its non-life business has been growing faster than that of the major UK composite offices. The Mercantile and General reinsurance operation, for instance, now accounts for around a third of its non-life premiums and Prudential Pensions, which operates in the unit-linked pensions field, has become a major insurance office in its own right.

Under the proposed scheme the holding company will take over the various operating subsidiaries as well as manage the traditional business of the Prudential Assurance Company. The reorganisation will make the Pru technically free of dividend control but it is unlikely to take advantage of it. The real benefit will be in the additional financial flexibility. At present, the Pru, being an insurance company can finance its expanding general insurance business only by retentions from profits or rights issues. Once formed, the new Prudential Corporation will be able to raise long term debt which can then be used to support the general business.

Harrisons/HME

Harrisons and Crosfield's formal offer document for Harrisons Malaysian Estates claims properly to "take account of the interests of all interested parties." It turns out that H and C has been busily buying HME shares since last May and only stopped three months ago—its last buying price being 73p. That presumably reflects the moment at which bid intentions crystallised. The document goes into slightly greater detail about the proposed Malaysianisation but there do not seem to be any significant concessions and the directors admit that it is difficult to estimate when the necessary negotiations will be completed.

Dunbee-Combex-Marx

Christmas 1977 consumer spending has not lived up to most companies' expectations and now it seems that, somehow, Santa Claus shunned toymaker Dunbee-Combex-Marx. At the half-way stage DCM's chairman was talking of 1977 profits being "significantly ahead" of the £5.9m, reported for 1976. But the traditional last minute rush of high-margin orders never came, with the result that Dunbee yesterday had to report nil profit growth for the second half of the year. Overall, pre-tax profits are just 9 per cent. up at £6.4m. If only Dunbee had been lucky enough to get rid of an extra £5m. of stock it had built up in anticipation of record sales, profits could have been £2m. better and in line with original expectations.

Unfortunately, the group's DIY and industrial products businesses also had a bad year with profits halved at around £300,000. (One subsidiary, for example, experienced a turnround from a profit contribution of £250,000 to a loss of £150,000.) All this is now said to be under control and with the help of the new hire shop chain this division could turn in profits of around £1m this year.

After all this gloom, DCM shares put on 5p yesterday against the market—presumably in response to the company's statement about a "significant rise" in orders. Despite an abnormally low tax charge of only 14 per cent DCM shares now trade at a p.e. of 5½—a significant premium on Lesney.

SE Derby Draw

Lists for this year's Stock Exchange Derby Draw open tomorrow, May 17, and close on May 31. The draw takes place on June 1. Those interested should contact a Stock Exchange member.

Ecevit seeks arms from Europe to fill gap left by U.S. ban

BY REGINALD DALE, EUROPEAN EDITOR

MR. BULENT ECEVIT, the Turkish Prime Minister, yesterday called on the West European members of NATO to fill the gap created by the U.S. arms embargo on his country. He was particularly interested in joint armaments production agreements with countries such as Britain and West Germany, he said in London.

It was in the West's interest that Turkey should not feel "utterly helpless" in the alliance and be forced into radical changes in its defence policy, Mr. Ecevit warned.

Mr. Ecevit's call came four days after the U.S. Senate Foreign Relations Committee voted against lifting the arms embargo imposed after Turkey's invastion of Cyprus.

Mr. Ecevit speaking to the International Institute of Strategic Studies, did not spell out what these radical changes might be. Although he did not envisage Turkey's leaving NATO, he pointed out that his country's relations with Moscow had improved, and, in a reference to Greece, that the nature of the threat to Turkey had changed in recent years.

If Turkey was to support detente as a NATO member, it was essential that the alliance's contribution to Turkey should be commensurate with the contribution his country was making to NATO, he stressed. Turkish policy would depend both on the lifting of the embargo and the extent to which the European allies filled the gap it had left. Even if the embargo were lifted Turkey would want to end its over-dependence on the U.S.

Turkey was industrially advanced enough to participate in joint armaments co-production ventures with other European countries in a number of sectors. Mr. James Callaghan, the Prime Minister, had expressed interest in the idea in talks in London yesterday as had Herr Helmut Schmidt, the West German Chancellor, Mr. Ecevit said after his speech.

British officials said Britain was ready to sell arms to the Turkish armed forces, much of whose equipment is obsolescent. It was pointed out however that Turkey might have difficulty finding the money to pay for them.

Mr. Ecevit stressed that whatever happened Turkey could not continue to bear as heavy a defence burden as in the past. Its high NATO contribution had retarded the country's economic and agricultural development for far too long.

The country's priority, if democracy was to survive, was an acceleration in its ecoomic development. Here again Mr. Ecevit wanted help from Western Europe and better relations with the EEC.

His aim is that the Turkish economy should be advanced to the point where it fulfils conditions for either full EEC membership or a continuation of the association agreement in healthier conditions.

Continued from Page 1

SUIT's loan

discussed the loan with Sir Hugh and with Mr. Grossart and had been satisfied about its recoverability. He agreed that property values were deteriorating at the time, but the big drop was still to come. At his request the matter had been raised at a board meeting.

Pencilled

His company had overlooked a pencilled note on the draft balance-sheet about the classification of the loan. When this draft had been photocopied the note looked like a dirty mark and was illegible.

The oversight was discovered later during a random check by another Touche Ross partner and was described in a letter to shareholders as a clerical error.

Mr. J. Irvine Smith, the Sheriff, intervened to ask whether it was a clerical error, a suppression of a fact or an omission.

Mr. MacPherson said there was no conspiracy to deceive and that he would never be a party to any deliberate deceipt in the balance sheet of a company.

Mr. Brian Carlaw, a senior accountant with Touche at the time, said that when he joined the company in 1974 he had found the accounts in a chaotic state.

Doubts

He had discussed the loan with Mr. Forgie, Mr. MacPherson and with the company secretary, because he had doubts about it. He agreed it was conceivable that the directors could have overlooked the misclassification but it was extremely unlikely.

The case continues today.

Tories seek cut in stamp duty

BY RICHARD EVANS, LOBBY EDITOR

THE CONSERVATIVES will mount another attack on the Chancellor's Budget proposals today, when amendments to the Finance Bill are debated seeking a reduction in stamp duty on house purchases.

The main purpose of the Tory amendments is to lift the threshold for stamp duty from £15,000 to £20,000, but the signs are that they will not have sufficient minority party support for the Tories to inflict a further big defeat on the Government.

The other debates today—the last on the floor of the Commons before the Bill goes to a standing committee tomorrow—are on new Conservative clauses for indexation of capital gains tax, increased interest on taxes overpaid, and the delay of duty payments on whisky taken out of bond.

It seems unlikely that the Tories will get another opportunity to add significantly to the £445m. of tax cuts in the current year inflicted last week with the support of most of the minority parties, including the Liberals.

The Government has parity on the standing committee with the opposition parties, who are represented by Conservative MPs, Mr. John Pardoe, the Liberal Treasury spokesman, and Mr. Enoch Powell.

One of the Conservative amendments on stamp duty raises the threshold to £20,000 and then imposes duty on a sliding scale at intervals of £5,000 up to a maximum rate at £35,000. The other has a sliding scale at stages of £1,000 between £20,000 and £25,000 before continuing in £5,000 bands to £35,000.

Treasury Ministers will oppose the Tory move to index capital gains tax because of its complexity. Instead, they will urge acceptance of Budget proposals for exempting a larger slice of gains.

Although sympathetic to demands that payment of duty on whisky should be delayed after it is removed from bond, the Government is unlikely to accept the Conservative amendment.

The cost—£22m. over each of the next three years—is an important consideration, after the damage done to the Chancellor's Budget calculations last week.

In addition, Ministers fear that there would be difficulties with the EEC Commission if special arrangements were made for whisky and not for other spirits.

The traditional general economic debate in the Finance Bill standing committee will take place on renewal of regulator powers, probably next week. The committee will meet each Tuesday and Wednesday until the committee stage is completed

Continued from Page 1

Trade

were stocking up in March—either to take advantage of the level of sterling or in readiness for an increase in production.

The Treasury warned yesterday that the latest fall might have taken the April import figures below the real trend, correcting for overbuying in earlier months.

The cumulative surplus on the current account for the first four months of the year is £116m Treasury officials said this was in line with the Budget forecast of a £250m. surplus for the first half of the year.

One aspect which will be watched closely in the coming months is the improvement in the balance of trade for cars. The volume of motor vehicle exports increased by 10.25 per cent. Imports fell 15 per cent.

This represents an improvement in the car import/export ratio from the low point of 1 to 1.1 reached in January to the more healthy level of 1 to 1.75.

Weather

UK TODAY

Sunny periods. Showers developing in the S.E.

London, S.E., Cent. S. England, E. Midlands, Channel Isle

Scattered showers, sunny periods. Max. 16C-17C (61F-63F).

E. Anglia, E., W., N. England, Wales, Lakes

Mostly dry, bright intervals. Max. 15C (59F).

I. of Man, S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland

Dry, sunny periods. Max. 14C (57F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, N.E., N.W. Scotland, Orkney, Shetland

Dry sunny periods. Max. 12C (54F).

Outlook: Dry and warm.

Long range: Warm and sunny weather is expected in the next 30 days, although a few cool spells are likely. Mean temperature is expected to be above average in all districts, with rainfall generally below average.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	24	75	London	R	11	52
Amstrdm.	R	10	50	Luxembrg.	F	10	50
Athens	S	19	66	Madrid	S	23	73
Bahrain	C	34	93	Manchstr.	C	13	55
Barcelona	F	19	66	Melbourne	S	14	57
Beirut	S	25	77	Milan	F	16	61
Belfast	C	11	52	Montreal	S	18	64
Belgrade	S	15	59	Moscow	F	13	55
Berlin	C	14	57	Munich	R	12	54
Birmghm.	C	11	52	Newcastle	C	10	50
Bristol	C	13	55	New York	R	10	50
Brussels	C	11	52	Oslo	C	12	54
Budapest	F	15	59	Paris	C	13	55
B. Aires	S	17	63	Perth	W	20	68
Cairo	S	34	93	Reykjavik	C	8	46
Cardiff	C	13	55	Rio de J'o	S	30	86
Chicago	C	9	48	Rome	S	18	64
Cologne	C	10	50	Singapore	C	29	85
Copnhagn.	C	9	48	Stockholm	C	6	43
Dublin	F	12	54	Strasbrg.	R	11	52
Edinburgh	F	10	50	Sydney	C	17	63
Frankfurt	C	11	52	Tehran	S	32	90
Geneva	C	12	54	Tel Aviv	S	23	73
Glasgow	C	12	54	Tokyo	S	23	73
Helsinki	R	9	48	Toronto	C	12	54
H. Kong	C	26	80	Vienna	F	15	59
Jo'burg	C	21	70	Warsaw	F	14	57
Lisbon	C	18	64	Zurich	F	13	55

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	S	18	64	Jersey	C	13	55
Algiers	F	21	70	Las Plms.	S	20	68
Biarritz	S	16	61	Locarno	C	12	54
Blackpool	R	10	50	Luxor	S	37	99
Bordeaux	C	16	61	Majorca	S	19	66
Boulogne	C	10	50	Malaga	S	20	68
Casblnca.	F	18	64	Malta	F	18	64
Cape Tn.	S	19	66	Nairobi	S	20	68
Corfu	C	21	70	Naples	F	17	63
Dubrovnik	S	17	63	Nice	S	17	63
Faro	C	19	66	Oporto	C	15	59
Florence	F	17	63	Rhodes	S	24	75
Funchal	C	16	61	Salzburg	C	13	55
Gibraltar	S	20	68	Tangier	C	17	63
Guernsey	C	11	52	Tenerife	F	17	63
Innsbruck	C	10	50	Tunis	S	21	70
Inverness	C	10	50	Valencia	S	21	70
Is. of Man	C	10	50	Venice	C	14	57

C—Cloudy. F—Fine. R—Rain. S—Sunny. W—Wind.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.

هكذا مت الأجل